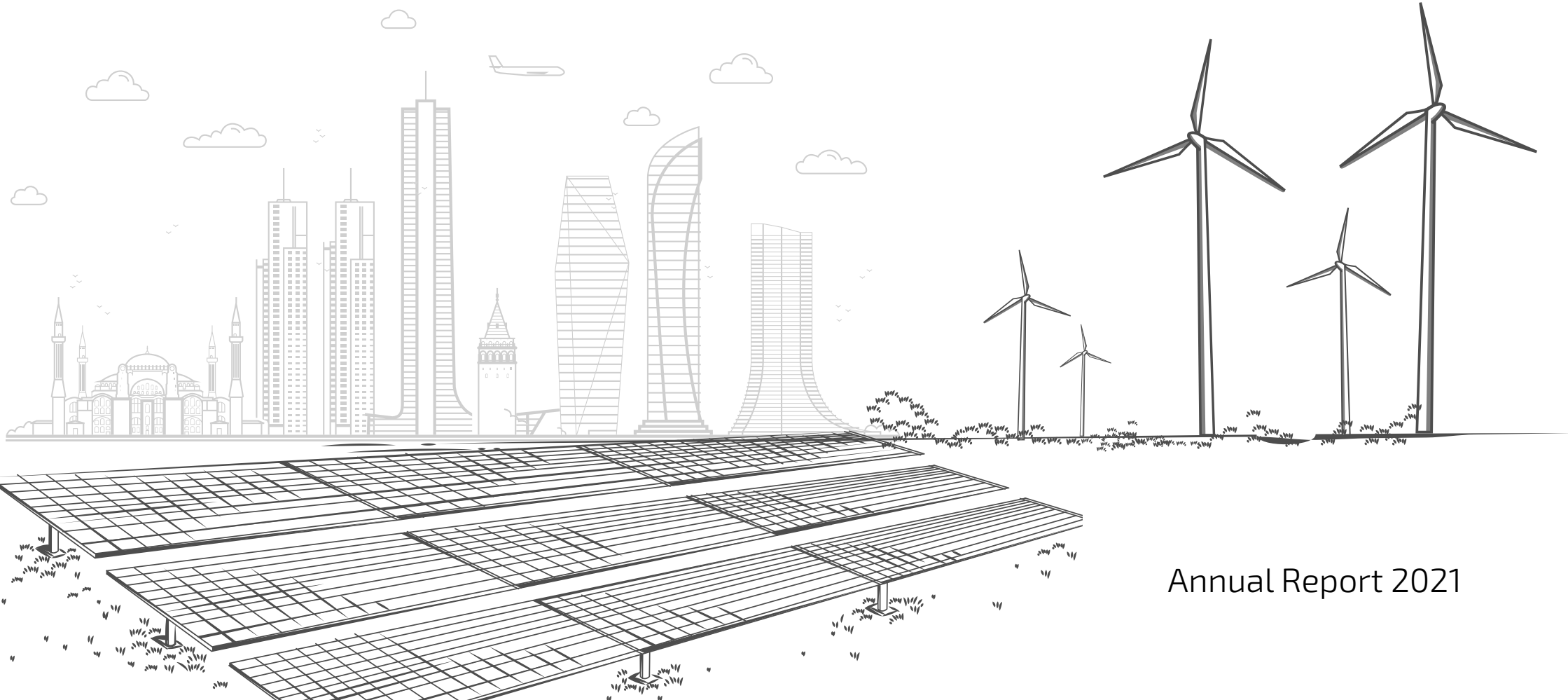




**DEVELOPMENT
INVESTMENT**
BANK OF TURKEY

Development is
to advance.



Annual Report 2021

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Member of ADFIMI



Member of IIF



Associated Member of EIF-NPI

Development and Investment Bank of Turkey Head Office Saray Mahallesi, Dr. Adnan Büyükdeniz Cd. No: 10 Ümraniye/ISTANBUL-TURKEY

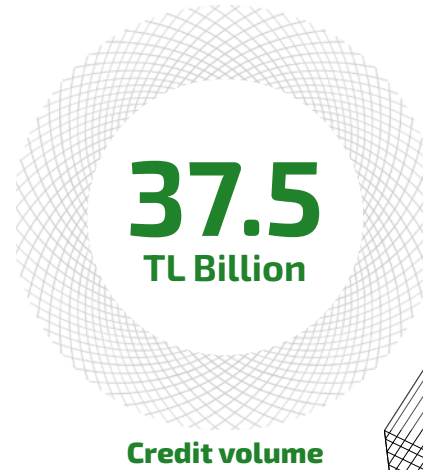
Phone: (216) 636 87 00 Fax: (216) 634 61 45

Trade Registry No: 198898-5 Mersis No: 0879002993500013

Website: <http://www.kalkinma.com.tr>

E-mail: haberlesme@kalkinma.com.tr

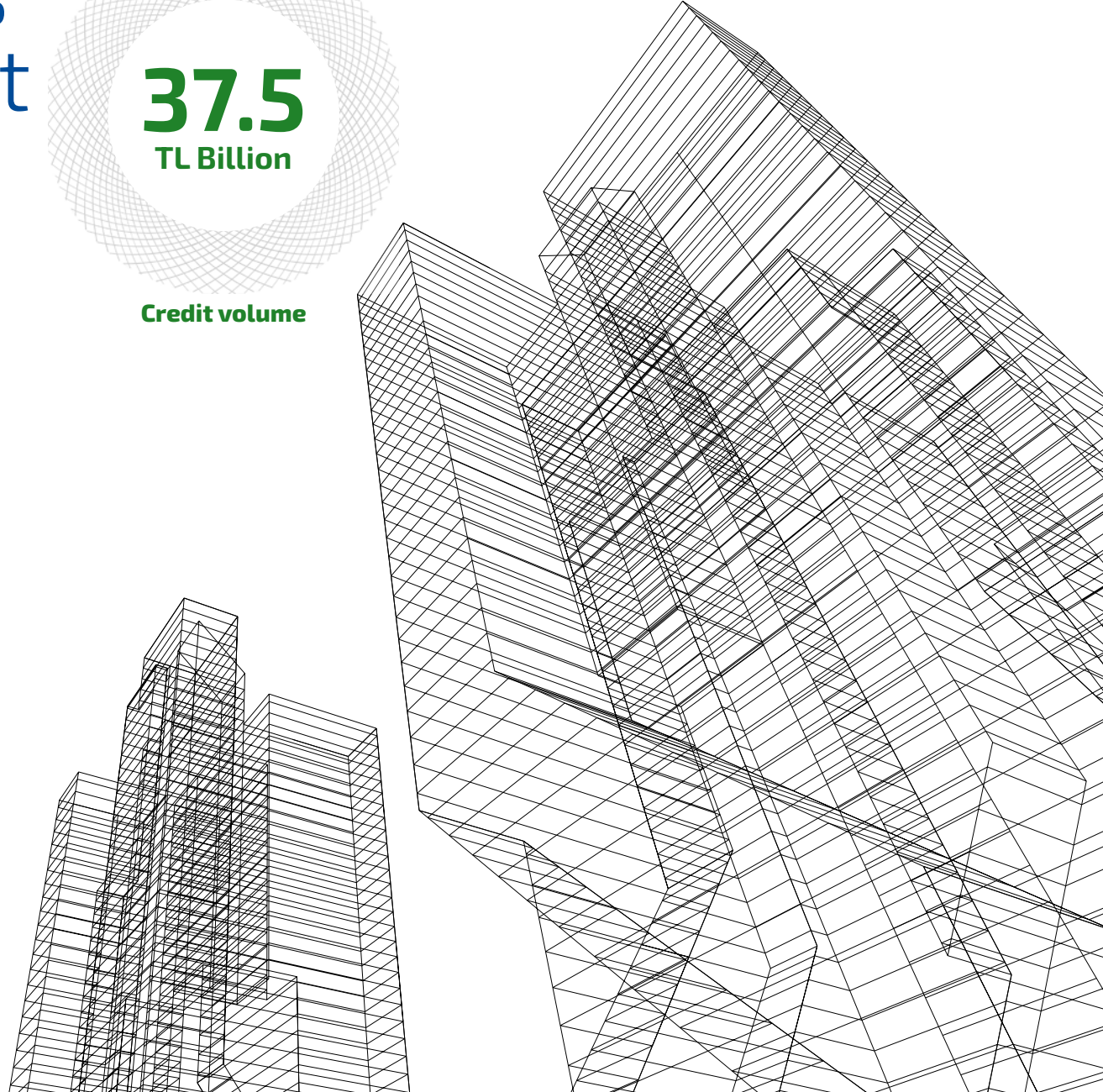
High standards for development banking



We mean a lot for Turkey since 1975. We have 'Development' in our Bank's name which is a significant concept for Turkey.

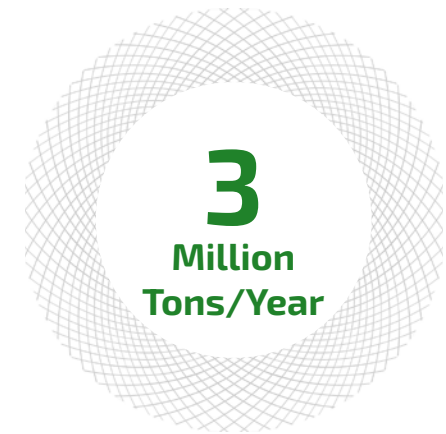
Despite the challenging conditions of the pandemic, we support Turkey's strides for development in all areas it needs. We always raise our product and service standards.

By spearheading sustainability investments, fight against climate change, and investments in digitalization; we continue to fulfill every single responsibility as being the main actor of the transformation.

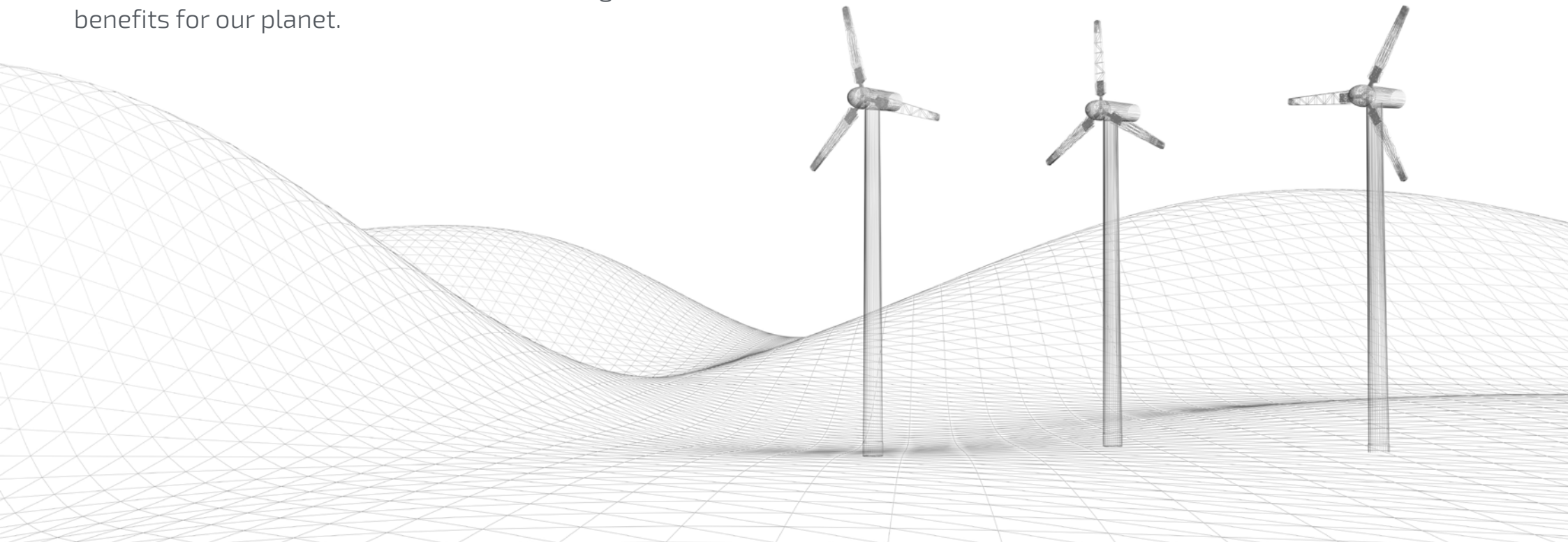


Development and Investment is about **the future.**

We take our steps by considering the future and play a pioneering role in climate change and a sustainable future. We run an environmental and social risk assessment process for every project we support. We have prevented millions of tons of CO₂ emissions through the projects we have funded to date. We will continue creating benefits for our planet.



**CO₂ emissions
prevented**



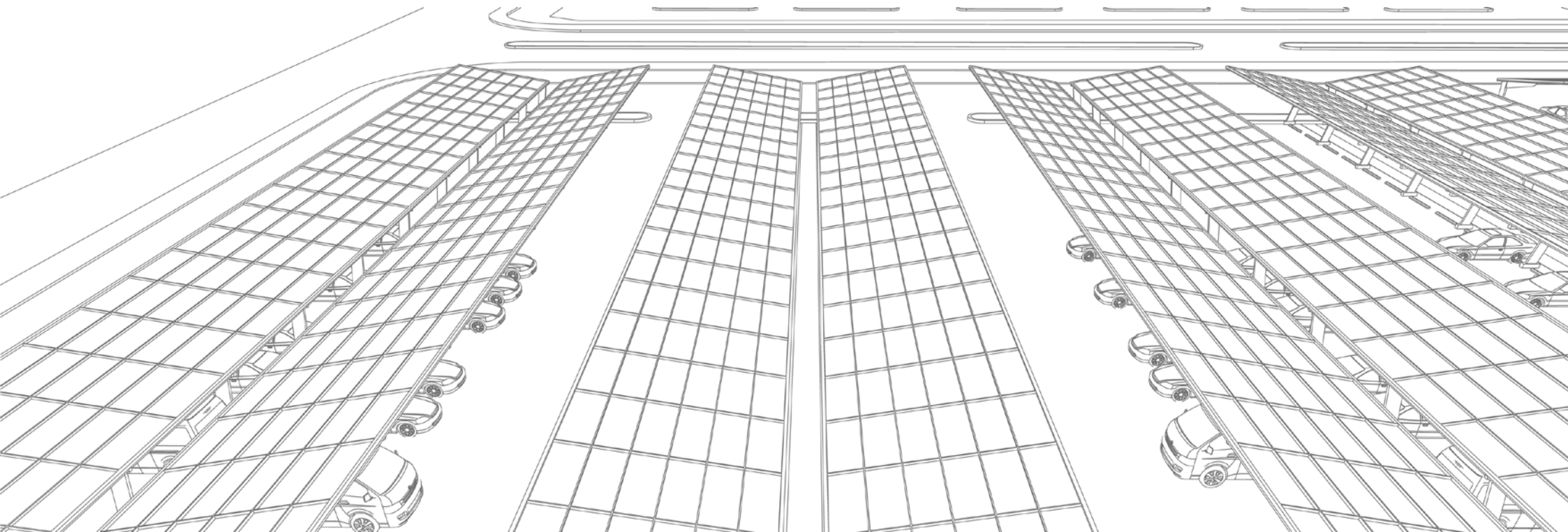
Development and Investment is about **goals.**

We stand by our country's goals! We fully support our country's goals for a sustainable future in line with its development trajectory and the Paris Agreement. With our expanded credit volume we have engaged in domestic and eco-friendly projects, primarily including those in the energy industry, and we will continue to support energy and energy efficiency projects.

48.4

TL Billion

Total assets



Development and Investment is about **continuity**.

We are aware of our responsibility as a trusted institution for consistent growth. We diversify our funding sources and extend support to our economy even in the hardest conditions. We fund enterprises who play a key role in development, first and foremost SMEs who have difficulty in access to finance as their revenues and business dropped amid the COVID-19 pandemic. This way, we work to ensure the continuity of production and employment.



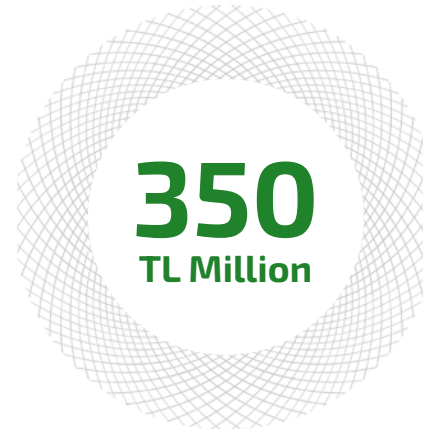
300
USD Million

**The support we extended to
enterprises affected by the
pandemic**



Development and Investment is about **transformation.**

Digitalization transforms life. The future becomes more valuable with technology and innovative ideas. We, too, focus on a new future with digitalization. In this respect, the Technology and Innovation Fund, where the Ministry of Industry and Technology is the main investor, has commenced. Driven by the strategy to co-invest with the players in the ecosystem, we intend to provide direct support to innovative ventures, such as FinTechs, in strategically important industries.



**Size of the Technology and
Innovation Fund**



CORPORATE PROFILE

Backed by the goal of adding value for the future with its robust funding structure and competent human resources, the Development and Investment Bank pursues its development priorities in light of its core values and serves Turkey's development and growth.

The Development and Investment Bank is structured to be an effective player in the market with its diversified product range.

The Bank is a development and investment bank as an incorporated company that is subject to the provisions of private law and provides finance to businesses in sectors such as industry, tourism, energy, education, health, and infrastructure.

The Development and Investment Bank boasts extensive experience, robust pillars, and consistent structure, as well as the role it plays in helping Turkey reach its development goals. It serves the development and growth of Turkey by providing loans, capital support, partnership, and advisory services to all enterprises, including ventures, industrial companies, and SMEs, which contribute to Turkey's economy.

Boasting a strong funding structure and competent staff, the Bank operates with a view of adding value to the future. In the meantime, it acts in line with its core values and development priorities in assisting Turkey's structural transformation and contributing to the expansion of wealth to a wider base.

Strong roots, 47 years of know-how

The Bank, where the Turkish Ministry of Treasury and Finance holds 99.08% of the stake, is backed by solid public support, assurance, and trust.

The Bank, with an important mission in Turkey's progress towards its development targets by its strong foundations and stable structure, was established on November 27, 1975, and named Devlet Sanayi ve İşçi Yatırım Bankası (State Industry and Laborer's Investment Bank Ltd). Since then, the Bank has played a key role in helping numerous companies from different industries to realize investments and has taken on strategic roles through the long-term funds it raised.

In line with the purpose of its establishment, the Bank has taken part in the formation of many labor companies and also provided financing and advisory support. Furthermore, it has participated in the capital of some large-sized enterprises operating in the manufacturing industry as a founding partner.

Renamed as Development Bank of Turkey in 1988, the Bank had the chance to finance other sectors in addition to industrial enterprises. Owing to its international reputation and the funds it raised, the Bank continued its support to competitive and efficient production for a consistent and strong economy, while contributing to the increase of Turkey's employment, income, and welfare level.

An even stronger structure owing to the process of transformation

In 2018, the Bank was restructured as the Development and Investment Bank of Turkey and moved its head office from Ankara to Istanbul in June 2019. Meanwhile, it has renewed its organizational structure and attained a stronger structure with staff who have experience in the private sector.

The Bank focuses on financing sustainable development in line with 2023 objectives and in light of the UN Sustainable Development Goals. Accordingly, it provides innovative products and services and supports investors through a dynamic structure of experienced and expert human resources with a strong command of international banking standards.

The Bank operates in three main areas: Development Banking, Investment Banking, and the Development Fund of Turkey.

The Bank's core objective is to support every industry that can contribute to development, reduce imports and boost exports as per the 11th Development Plan of Turkey. Thus, it continues financing the projects geared towards Sustainable Development as its main function. All the stages of financing of the projects; from the selection of eligible projects to implementation and assessment, are conducted rigorously to carry our country forward.

We grow hand in hand with Turkey

In a time period marked by the COVID-19 pandemic that hit the world and Turkey, the Bank helped increase employment and address the needs of enterprises impacted by COVID-19 pandemic through long-term funds raised from overseas. Once vaccination programs became widespread in 2021, the signs of recovery were seen in Turkey. Accordingly, the Bank continued to support the real sector, production and employment -- as has been the case in previous years -- and concluded the year with growth in terms of the funds raised, loan portfolio and operational profitability.



CORPORATE PROFILE

A wholly-owned subsidiary of the Bank, Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. aims to facilitate the establishment of strong companies in strategic sectors of importance for development and to support ventures that develop advanced technologies.



The Development and Investment Bank is structured to be an effective player in the market with its diversified product range.

The Bank raised its assets by 72% year-on-year to TL 48.38 billion. Raising shareholders' equity to TL 4.46 billion, the Bank has attained a capital adequacy ratio of 14.26%.

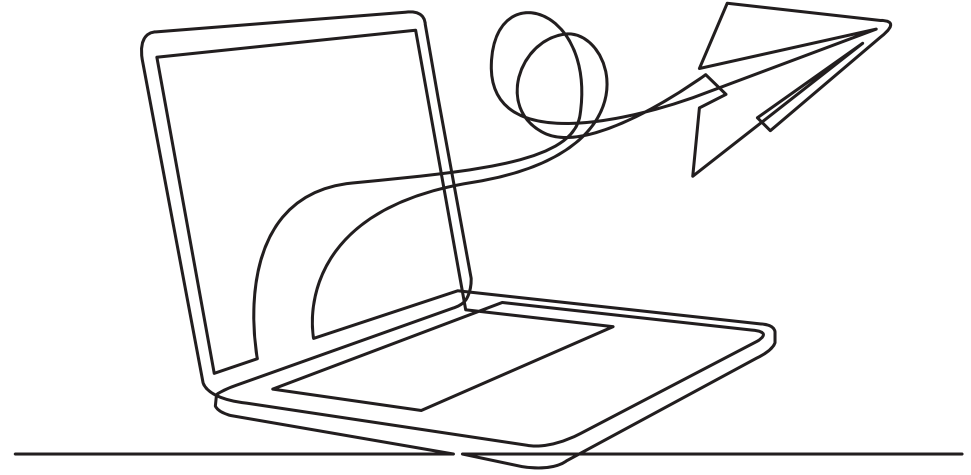
Having a reputable position and strong relations built on mutual trust with the world's leading financial institutions, the Bank offers long-term funding to the business world via either direct lending or wholesale banking (APEX Lending).

The Bank will further improve its financial performance in the coming period and continue to expand its loan portfolio and funds above the industry average, and to increase its support and added value generation to the real sector.

An active market player in investment banking

Boasting an experienced and well-equipped team with knowledge of the dynamics and subtleties of Turkish and international capital markets, the Bank is structured as an active market player with its diversified product range. The Bank aims to play a leading role in facilitating enterprises' access to national and foreign funds through M&A, capital market instruments, and financial advisory services.

As for technical advisory services, another area of extensive expertise for the Bank, competent human resources supports enterprises and organizations operating in differing sectors. The Development and Investment Bank of Turkey goes beyond being a conventional lender; it is also a service provider that shares



technical know-how and experience with its business partners throughout the investment cycle.

The Bank has been mandated as the financial advisor of the Turkey Wealth Fund (TWF) in the process of organizing horse racing and accepting bets on domestic and foreign races. In addition, the Bank has served as a financial advisor in the successful finalization of the project in 2020 which involved the merger of insurance firms that were once the subsidiaries of the public banks operating under the Turkey Wealth Fund. As part of the project, Güneş Sigorta, Halk Sigorta and Ziraat Sigorta, all being insurance firms, were merged under "Türkiye Sigorta A.Ş.", while Vakıf Emeklilik, Halk Emeklilik and Ziraat Emeklilik, private pension firms, were merged under "Türkiye Hayat Emeklilik A.Ş.."

As for capital markets advisory, the Bank was among the leading intermediary institutions in two IPOs with a total volume of approximately TL 2.2 billion in 2021: Turkey's first bond issuance for transition to a low-carbon economy and Turkey's first social lease certificate (Sukuk) issuance. In addition, advisory services were delivered for the establishment, operating permit, and structuring processes of Kalkınma Girişim Sermayesi Portföy Yönetim A.Ş.

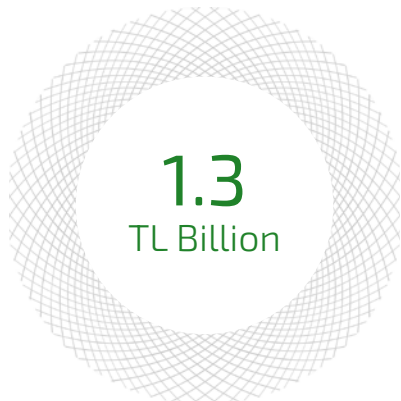
Global goals for strategic industries

Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (KGSPYŞ - a venture capital portfolio management company) was founded in November 2020 as a wholly-owned subsidiary of the Bank. The company obtained an operating permit in March 2021, where the management of sub-funds under TKF (Regional Development Fund, Technology, and Innovation Fund) was handed over to KGSPYŞ.



CORPORATE PROFILE

The Development and Investment Bank of Turkey performs with a responsible banking mindset and strives to remain environmentally conscious in choosing and guiding customers towards this perspective.



Size of funds
managed by
KGSPYŞ

Mostly focusing on growth capital, KGSPYŞ is intended to help, through the funds to be formed, establish strong global/regional companies operating in priority and strategic sectors in terms of development and to support ventures that develop advanced technologies.

In 2021, KGSPYŞ established Development Participation Venture Capital Investment Fund worth TL 125 million, in addition to the Innovative and Advanced Technologies Participation Venture Capital Investment Fund of TL 175 million. Meanwhile, TKYB Capital Fund worth TL 50 million was established as a sub-fund of TKF on September 15, 2021. The Bank's commitment to the TKYB Capital Fund was raised to TL 200 million in December 2021.

Currently, three sub-funds of TKF and two Venture Capital Investment Funds, amounting to 1 billion 375 million TL in total, are managed by KGSPYŞ.

Committing TL 100 million, KOSGEB became an investor to the Regional Development Fund and expanded the total size of the fund to TL 525 million.

Responsible banking, sustainable development mindset to add value to the future

Since its founding, the Development and Investment Bank of Turkey has supported Turkey's sustainable development and set objectives aimed at furthering its contributions in this direction.

The Bank's sustainability strategy is predicated on a model banking structure that supports Turkey's sustainable development, adds value to the future,

and never compromises on its responsible banking approach in reaching its goals.

The Development and Investment Bank of Turkey adopts a responsible banking approach, creates value for employees, and strives to remain environmentally responsive in choosing and guiding customers towards this direction.

The Development and Investment Bank of Turkey collaborates with global organizations to protect the environment and combat climate change, both of which are essential to achieving sustainable development. The Bank is among the founding signatories of the "Principles for Responsible Banking," formulated by the UN Environment Programme Finance Initiative (UNEP FI) to expand the impact of the banking sector activities for a sustainable future.

Since 2016, the Bank has reported to the Climate Change Program of CDP, the world's largest environmental reporting platform, and ranked among the best-performing institutions in the finance

industry, scoring B (Leadership Level) in 2021. Risks and opportunities linked with climate change are assessed in this report, while questions on strategy, governance, emission metrics, goals, performance, and value chain interaction are answered voluntarily.

Shining out with its support for sustainable development and responsible banking mindset, the Development and Investment Bank is the first bank in Turkey to sign the Operating Principles for Impact Management (Impact Principles).

The Bank released its first sustainability report in 2020, followed by its first integrated report in 2021. This alone demonstrates its operations and objectives and their alignment with sustainable development goals.

Not only focusing merely on financial risks, the Bank also considers environmental and social risk assessment as an integral part of lending processes. In this regard, environmental and social risk assessment and management are incorporated in decision-making processes.





MISSION, VISION, CORE VALUES AND FIRSTS

Our Mission

To contribute to the structural transformation and fair capital distribution in our country in accordance with sustainable development priorities by meeting the financial and advisory needs of investing customers; to add value to employees and all other stakeholders with its dynamic, innovative, environmentally and socially responsive banking approach

Our Vision

Our primary goal is to ensure sustainable development in line with our values and add value to the future by always supporting the investor.

Our Core Values

We are deeply committed to the United Nations Sustainable Development Goals.

- Within the scope of the UN Environment Goals and the Paris Agreement provisions, we take responsibility for our world, environment and society. We keep our strong sense of social responsibility alive. We use our resources effectively and efficiently.



We are Trustworthy.

- We establish long-term relationships based on openness, ethical rules, and trust with our shareholders.
- Our decisions are based on objective criteria.



We are Solution-Oriented.

- Our clients are the focus of all our activities, and we shape the future together with our efficient and value-creating solutions.



We Value Our Employees.

- We value our employees and encourage continuous learning, participation, and sharing.
- We believe in teamwork, work with shared wisdom, strive to be fair, and provide equal opportunity to our employees.



We Are Innovative.

- We pioneer positive change with our innovative solutions and add value not only to today but also tomorrow.

Our Firsts

- The first Turkish bank to offer financial as well as technical support to companies.
- The first Turkish bank to execute incentive loans.
- The first Turkish bank to support clusters within a program.
- The first and only bank to provide financial and technical support in the process of revealing and developing tourism potential.
- The first bank to carry out an initial public offering in the capital markets.
- The first Turkish bank to prepare a financial support program for unfinished facilities.
- The first Turkish bank among the public and private financial institutions to receive the "Climate Friendly Institution" certificate from the Turkish Standards Institute.
- The first bank to transfer Islamic Development Bank's resources to SMEs.
- The first state-owned bank to obtain ISO 14001 Environmental Management Certification.
- The first and only Turkish bank to apply the World Bank's grant program RSM (Risk-Sharing Mechanism) to geothermal exploration projects.
- The first and only Turkish bank to become an affiliate member of EIF-NPI (European Investment Fund National Promotional Institutions).
- The first Turkish bank to issue asset-backed securities secured by the mortgage loans of the sector's leading banks.
- The Bank released its first sustainability report in 2020.
- It served as an intermediary institution in Turkey's first bond issuance for transition to a low-carbon economy.
- The first bank in Turkey to issue a social sukuk.
- The first bank in Turkey to become a signatory for the Operational Principles for Impact Management.
- The Bank released its first Integrated Report in 2021.



STRATEGIC PLAN OF THE DEVELOPMENT AND INVESTMENT BANK OF TURKEY FOR THE 2021-2025 PERIOD

As the Development and Investment Bank successfully performs its duty of development banking, the Strategic Plan, prepared under the country's 2023 vision which was adopted by the Board of Directors' resolution dated 2015 was put into practice successfully.

The Development and Investment Bank of Turkey has set its strategy to contribute to Turkey's sustainable development.

The Development and Investment Bank of Turkey has successfully executed its task of development banking for 47 years since its establishment in line with the priorities of the development plans and programs. The Bank prepared a strategic plan in the context of the country's 2023 vision which was adopted by the Board of Directors' resolution dated 2015 and put into practice successfully.

Financial projections are revised each year and presented to the Board of Directors for approval. Within this scope, the financial projection for the period of 2022-2024 was approved upon the Board's resolution dated October 22, 2021, with no. 202. The Bank's budget for 2022 was approved upon the Board's resolution dated December 28, 2021, with no. 249. Revising its strategic objectives in parallel with changing and evolving conditions, the Development and Investment Bank's Strategic Objectives for 2022 were approved upon the Board's resolution dated October 22, 2021, with no. 202. Our strategic purposes were updated with a Board resolution dated February 24, 2022.

These financial projections and strategic objectives constitute the Bank's Strategic Plan.

Strategic Objectives

Objectives regarding Development Banking

- To increase the diversity of financing products and to address differing levels of regional development for priority sectors - designated by the national development plans and programs - which are highly dependent on imports, produce foreign trade deficits, have high potential to generate foreign currency revenues and contribute substantially to employment.
- To contribute to Turkey's sustainable growth by providing finance via instruments that match a project's feasibility and cash flow.
- To support projects aimed at reaching Sustainable Development Goals and facilitating Turkey's green transformation in areas such as the transition to a low-carbon economy, fighting climate change, responsible production, and consumption, support for the circular economy, eliminating poverty, development of the impact investment ecosystem, and job creation.

Objectives regarding Investment Banking

- To improve and diversify stock offerings, borrowing instruments issuances (bills/ bonds/sukuk, etc.), and M&A advisory services
- To take on projects that will contribute to Turkey's development via intermediary services for stock offerings and issuance of borrowing instruments (bonds/bills/ sukuk etc.), as well as advisory services for domestic and overseas strategic/financial partnerships or subsidiary/asset sale processes

- Working hand in hand with public and private institutions to develop innovative Investment Banking solutions that will help introduce new products or firms in Turkish Capital Markets or will spearhead international best practices for the issuance of existing products.
- To carry out activities to bring Turkish Capital Markets to the level of international capital markets and support the entry of foreign capital to our country.

Objectives to Strengthen the Funding Structure

- To establish a strong and diversified funding structure to support the sustainable growth of assets.
- To enhance the funding sources from development finance institutions and similar creditors

Objectives regarding the Development Fund of Turkey

- Together with the funds under its umbrella, to support sectors with strategic importance in the sustainable growth of Turkey, and play a significant role in the development of the startup ecosystem by investing in tech-driven new generation ventures.
- Backed by a development model focused on technology and innovation, to undertake efforts to turn public resources into capital investments with a multiplier effect

Objectives towards IT and Business Processes

- To create a corporate structure and processes that provide operational efficiency and productivity in all areas of activity with the support of information technologies and a focus on digitalization.





FINANCIAL HIGHLIGHTS, CAPITAL AND SHAREHOLDER STRUCTURE

The Development and Investment Bank raised its assets by 72% to TL 48.4 billion. The Bank's net profit for 2021 rose by 62% to TL 813.9 million.

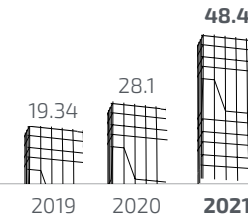
Financial Highlights (TL Million)

	Dec.20	Dec.21	Change (Value)	Change (%)
Total Assets	28,073.37	48,380.73	20,307.36	72.34
Loans	20,402.72	37,483.22	17,080.50	83.72
Liabilities	24,485.17	43,917.37	19,432.20	79.36
Equity	3,588.20	4,463.36	875.16	24.39
Total Income	1,562.47	3,697.25	2,134.78	136.63
Total Expenditures (inc. Tax)	1,060.63	2,883.33	1,822.70	171.85
Profit/Loss	501.84	813.92	312.08	62.19

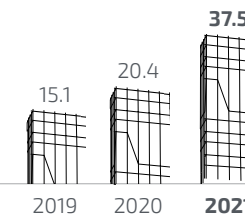
Main Ratios (%)

	Dec.20	Dec.21
Loans/Total Assets	72.68	77.48
Shareholders' Equity/Total Assets	12.78	9.23
Average Return on Assets	2.21	2.38
Average Return on Equity	19.49	20.16
Standard Capital Adequacy Ratio	22.35	14.26

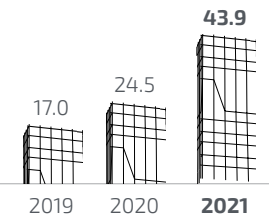
Total Assets (TL billion)



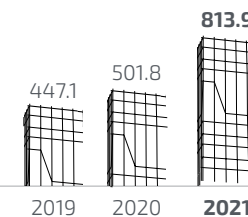
Loans (Net) (TL billion)



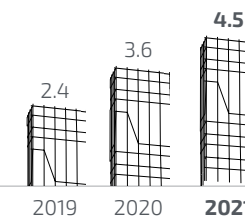
Liabilities (TL billion)



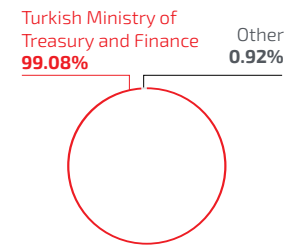
Profit/Loss (TL million)



Equity (TL billion)



Shareholding Structure (%)



Capital and Shareholding Structure of the Bank ^(*)

Shareholder	Current Share (TL)	(%)
Turkish Ministry of Treasury and Finance	1,981,630,610.61	99.08
Other*	18,369,389.39	0.92
Total	2,000,000,000.00	100.00

^(*) Covers all real and legal persons, and since the majority of the stocks that belong to these shareholders are traded in Borsa Istanbul, the number of shareholders is not known.

Capital Increase

Under the resolution of the Board of Directors dated October 22, 2021, it was decided to increase the Bank's issued capital, which is TL 1,600,000,000.00 within the permitted registered capital ceiling of TL 10,000,000,000.00 by TL 400,000,000.00 to TL 2,000,000,000.00. This increase consists of TL 100,000,000.00 in cash (paid), corresponding to 6.25%, and TL 300,000,000.00 by internal sources (from the Legal Reserves as per the General Assembly decision), corresponding to 18.75%.



AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND REASONS

Development and Investment Bank of Turkey Previous Version

Capital

ARTICLE 6. – (1) Under the Capital Market Law No. 6362, the Bank adopted the registered capital system and began to implement this system under the Capital Markets Board's permission dated February 8, 2000, and numbered 157.

(2) The Bank's registered capital ceiling is **TL 2,500,000,000 (two billion five hundred million)**, divided into

250,000,000,000 (two hundred fifty billion) shares each with a nominal value of 1 Kuruş.

(3) The issued capital of the Bank is fully paid **TL 850,000,000 (eight hundred fifty million)** divided into

85,000,000,000 (eighty-five billion) registered shares each with a nominal value of 1 Kuruş.

(4) The shares representing the capital are monitored on a dematerialized basis under dematerialization principles.

(5) The permission for the registered capital ceiling that was granted by the Capital Markets Board is valid for the period of **2017-2021** (five years). Even if the permitted registered capital ceiling has not been reached as of the end of **2021**, in order for the Board of Directors to adopt a resolution regarding a capital increase after **2021**, it is mandatory to obtain permission from the Capital Markets Board for the ceiling that was previously permitted or for a new ceiling amount, and to receive authorization from the General Assembly for a new time period, which shall not exceed five years.

(6) If such authorization cannot be obtained, a capital increase cannot be done by the Bank with the Board of Directors' resolutions. The Board of Directors is authorized to raise the issued capital, without being bound by the provisions of the Turkish Commercial Code regarding a capital increase, up to the above-mentioned registered capital ceiling by issuing new shares, whenever it deems necessary, between the years of **2017 and 2021**, by the provisions of the Capital Market Law.

(7) The Board of Directors is authorized to limit the rights of shareholders to acquire new shares, to issue new shares at a price higher than the nominal value, and to sell allocated shares. The authority to limit the right to acquire new shares cannot be exercised in a manner leading to inequality among shareholders.

Development and Investment Bank of Turkey New Version

Capital

ARTICLE 6. – (1) Under the Capital Market Law No. 6362, the Bank adopted the registered capital system and began to implement this system under the Capital Markets Board's permission dated February 8, 2000, and numbered 157.

(2) The Bank's registered capital ceiling is **TL 10,000,000,000 (ten billion)**, divided into

1,000,000,000,000 (one trillion) each with a nominal value of 1 Kuruş.

(3) The Bank's issued capital is fully paid **TL 1,600,000,000 (one billion six hundred million)**, divided into

160,000,000,000 (one hundred sixty billion) registered shares each with a nominal value of 1 Kuruş.

(4) The shares representing the capital are monitored on a dematerialized basis under dematerialization principles.

(5) The permission for the registered capital ceiling that was granted by the Capital Markets Board is valid for the period of **2021-2025** (five years). Even if the permitted registered capital ceiling has not been reached as of the end of 2025, in order for the Board of Directors to adopt a resolution regarding a capital increase after **2025**, it is mandatory to obtain permission from the Capital Markets Board for the ceiling that was previously permitted or for a new ceiling amount, and to receive authorization from the General Assembly for a new time period, which shall not exceed five years.

(6) If such authorization cannot be obtained, a capital increase cannot be done by the Bank with the Board of Directors' resolutions. The Board of Directors is authorized to raise the issued capital, without being bound by the provisions of the Turkish Commercial Code regarding a capital increase, up to the above-mentioned registered capital ceiling by issuing new shares, whenever it deems necessary, between the years of **2021 and 2025**, by the provisions of the Capital Market Law.

(7) The Board of Directors is authorized to limit the rights of shareholders to acquire new shares, to issue new shares at a price higher than the nominal value, and to sell allocated shares. The authority to limit the right to acquire new shares cannot be exercised in a manner leading to inequality among shareholders.

Reason for Amendment

The amount and term of the Bank's registered capital ceiling have been amended.

The Bank's issued capital has been raised to TL 1,600,000,000.



THE DEVELOPMENT AND INVESTMENT BANK OF TURKEY: FROM PAST TO PRESENT

Establishment

With its strong foundations and stable structure, the Bank has assumed an important mission in Turkey's progress towards its development goals. The foundations of the Bank were laid with Devlet Sanayi ve İşçi Yatırım Bankası A.Ş. (DESIYAB) (State Industry and Laborer's Investment Bank), established in accordance with the Authorization Act No. 1877 and Statutory Decree No. 13 dated November 27, 1975, as an incorporated company and as a development and investment bank subject to the provisions of private law to conduct all the activities of investment and development banking, including profit-sharing-based capital finance.

1980s

- Technical services were delivered as part of the aid program conducted by the State Planning Organization (DPT) for Africa.
- Financing and rehabilitation for labor companies were provided through the Special Credit Fund II (KÖF).
- The Bank took on a role in facilitating infrastructure investments for the tourism industry while financing tourism facilities to help develop the industry.

2000s

- Through wholesale (APEX) banking activities, the Bank facilitated financing for investments not holding joint-stock company status.
- The Bank also became a shareholder at the Turkish Investment Initiative (TII), which was established under the guidance of the European Investment Fund (EIF) of which the shareholders are the European Investment Bank and European Commission.

2019

- Establishing the second Asset Finance Fund, the Bank issued asset-backed securities worth TL 1 billion.
- Relocated its Head Office to Istanbul as part of restructuring activities. The Bank started to provide innovative services and products to its customers in Istanbul.
- The Development Fund of Turkey was founded.
- It became a founding signatory of UNEP-FI Responsible Banking Principles.
- It became a member of national and international sustainability organizations and platforms.

2020

- The Technology and Innovation Fund and the Regional Development Fund, under the roof of the Development Fund of Turkey, officially commenced activities.
- The Bank became a shareholder in Birleşik İpotek Finansmanı A.Ş. (Joint Mortgage Finance) and JCR Avrasya Derecelendirme A.Ş. (JCR Eurasia Rating).
- Kalkınma Yatırım Varlık Kiralama A.Ş. (an asset leasing company) and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (a venture capital portfolio management company) were established.
- The Bank's first sustainability report was released.

1970s

- The Development and Investment Bank of Turkey was the first bank to support labor companies and procure finance from abroad.
- The Bank was a pioneer in contributing to the capital of heavy industry companies, also known as the companies of the industry, such as TAKSAN, TUMOSAN, TEMSAN, TESTAŞ.

1990s

- Under the project aimed at "Finalizing Unfinished Investments and Re-Introducing Enterprises with Insufficient Working Capital to the Economy," some USD 100 million was extended to 525 companies, which employed approximately 9,000 people.

2018

- The Bank was restructured and renamed the Development and Investment Bank. Law No. 7147 on the Bank entered into force after having been published in the Official Gazette No. 30575 and dated 10/24/2018. As a result, the Bank's name was changed to "Development and Investment Bank of Turkey Inc."
- Development and Investment Bank of Turkey Establishing the Asset Finance Fund, the Bank issued asset-backed securities worth TL 3.15 billion.

2021

- With the Bank acting as the beneficiary, Turkey's first social sukuk was issued with a value of TL 50 million.
- The Bank became the first and only institution from Turkey to sign the Operational Principles for Impact Management pioneered by the International Finance Corporation (IFC).
- Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (Bank subsidiary in venture capital portfolio management) established Innovative and Advanced Technologies Venture Capital Investment Fund, and Development Participation Venture Capital Investment Fund. The Bank established TKYB Capital Fund.



MESSAGE FROM THE CHAIRMAN

The Development and Investment Bank of Turkey plays a key role in helping Turkey reach its development targets. In this reporting period, the Bank has continued to support the real sector, production, and employment like in the previous years.

Esteemed Stakeholders,

The world economy slowed down significantly due to the Coronavirus pandemic in 2020, followed by a moderate recovery in the second half of the year. As of 2021, quarantines and measures were eased, while vaccination programs picked up speed and supportive economic policies were introduced, contributing to the pace of recovery. In this framework, the global economy is expected to grow by 5.9% in 2021, in the aftermath of a 3.1% shrinkage in 2020.

World trade volume, narrowed by 8.2% in 2020 due to the pandemic, is projected to grow by 9.7% in 2021 despite supply chain bottlenecks and ongoing problems in logistics.

Turkey's robust expansion

Turkey's economy started to recover as of the second half of 2020 thanks to the measures taken to fight the coronavirus and signs of normalization. With vaccination efforts spread around the country, coupled with a strong domestic and external demand, Turkey's economy has delivered over 10% growth as per estimates.

Robust structure, consistent growth

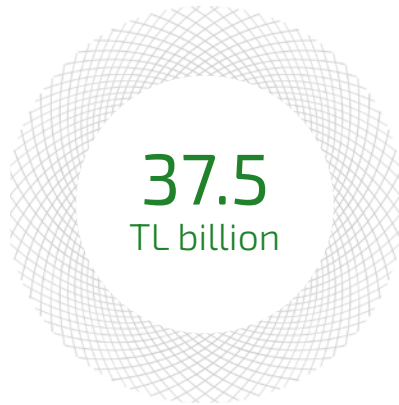
Boasting a presence of almost half a century, solid foundations and stable structure, the Development and Investment Bank of Turkey plays a key role in helping Turkey reach its development goals and has continued to support the real sector, production, and employment while contributing to sustainable growth like in the previous years.

To boost sectors negatively impacted by the global pandemic, the Bank has procured funds from international institutions and offered support programs to the country to help curb the impacts of the pandemic. The Bank enhanced support for its stakeholders to make efficient use of all resources.

The Bank's strong growth trend continued without respite in 2021, as the loan portfolio grew by 84% year-on-year to TL 37.5 billion.



In addition to development banking, the Development and Investment Bank of Turkey delivers remarkable achievements and blazes many trails in the industry with its investment banking activities.



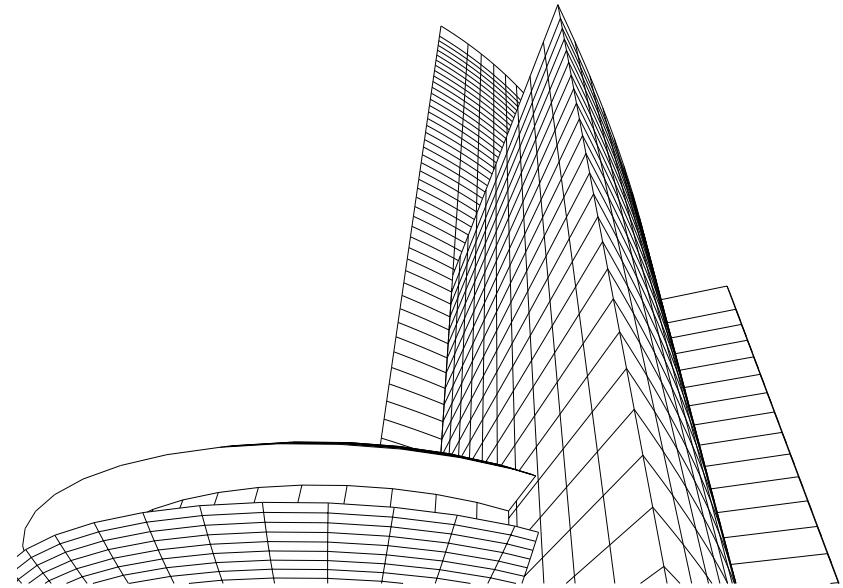
Our loan portfolio increased by 84% to TL 37.5 billion compared to 2020.

Contribution to sustainable growth

Through the Development Fund of Turkey, the Bank aims to support national development by engaging in direct and indirect investments and partnerships through funds set up by an experienced team, well-versed in market dynamics. It also seeks to contribute to the efficient use of public resources with the help of fund management services compliant with global best practices.

Five funds under the umbrella of TKF amount to one billion 375 million TL intended to directly invest capital in small and medium sized enterprises. By enhancing venture capital investments across the country, the Bank ensures more private sector funds are allocated to this area and investments are available across the country.

Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş., a wholly-owned subsidiary of the Bank, has taken over the management of the Regional Development Fund and the Technology and Innovation Fund in 2021. The support the Bank extends for Turkey's



start-up ecosystem will be boosted through Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.

The Bank continues to create value for employees and all other stakeholders owing to its solid funding structure, competent human resources, innovative products and services, and an eco-friendly and social banking mindset.

In addition to development banking, the Bank delivers remarkable achievements and blazes many trails in the industry with its investment banking activities. Accordingly, the Bank has delivered financial advisory, capital markets advisory, and M&A advisory services in various industries, priority sectors for development in particular.

The Development and Investment Bank will continue to elevate its financial performance in 2022, aiming to grow its loan portfolio and funding sources above the sector average, and step up the support and added value delivered to the real sector.

I thank all our stakeholders -- first and foremost our employees -- for delivering the greatest contribution to the achievements we have attained and will attain in the future.

Dr. Raci KAYA
Chairman of the Board of Directors



MESSAGE FROM THE CEO

The strong and pioneering institution of Turkey's banking sector, the Development and Investment Bank of Turkey raised its assets by 72% year-on-year to TL 48.4 billion in 2021. The Bank's net profit increased by 62% to TL 814 million compared to the previous year.

Esteemed Stakeholders,

In 2020, the Coronavirus pandemic resulted in fluctuations in the global economy after it spread from China in late 2019 and had an impact on the entire world. Signs of recovery were seen in the second half of 2020, gaining momentum in 2021 as countries continued their steps towards normalization and introduced supportive policies.

Measures were taken in the second half of 2020 to mitigate the negative impact of the pandemic, paving the way for a revival in economic activity in Turkey.

In addition to strong domestic and foreign demand, vaccination efforts spread around the country, which helped attain positive growth in every quarter after 2020 Q3. Turkey's economy has delivered over 10% growth as per projections in 2021. In 2022, economic activity is expected to maintain this positive trend and Turkey's economy to differentiate itself positively from its counterparts in terms of growth.

In 2021, the banking industry delivered growth in parallel with Turkey's economy. Compared to the end of 2020, total assets rose by 50.9%, total loans by 37%, and total securities by 44.4%. Equities amounted to TL 710.9 billion, representing an 18.6% year-on-year rise, while the capital adequacy standard ratio stood at 18.34%.

Strong and Consistent Performance

Strong and pioneering institution of the Turkish banking sector, the Bank concluded the year successfully. The Bank has increased its assets by 72% year-on-year to TL 48.4 billion. The Bank's net profit for the period grew by 62% year-on-year to TL 814 million. In 2021, the equities of the Bank climbed to TL 4.5 billion and the average return on equity equaled approximately to 20%.

Turkey's Future is in Safe Hands

Since 1975, the Development and Investment Bank of Turkey has supported Turkey's strides towards development in all areas needed. Development and investment banking activities undertaken by the Bank have supported investors for key projects in such strategic areas as energy, energy efficiency, climate finance and manufacturing industry. Indeed, these projects are critical for the future of our country as they are intended to increase production potential, add value, and help to reduce current deficit.

With this mindset, funds worth USD 550 million were procured from World Bank and Asian Infrastructure Investment Bank to help mitigate the impact of the Coronavirus pandemic in 2020. Disbursements from these funds started in 2021.

The Bank also started to extend the EUR 316 million loan to boost formal employment in 2020 and introduced Turkey with a EUR 80



Five funds under the Development Fund of Turkey are intended to boost venture capital investments, encourage the private sector to focus on this area, and disseminate investments across the country.

million grant, EUR 5,9 million technical and institutional support included, procured under the supervision of the World Bank and financed by the European Union under the EU Facility for Refugees in Turkey (FRIT) in 2021. SMEs and Large Enterprises wishing to benefit from the Formal Employment Creation Project will be able to apply for this grant.

The Bank pursues sustainable development and thus places particular emphasis on financing renewable energy and energy efficiency projects. Accordingly, it signed a loan agreement, GREEN III, in the amount of USD 170 million with the Japan Bank for International Cooperation (JBIC) on March 29, 2021. In addition to the loan agreement signed with the Asian Infrastructure Investment Bank on December 10, 2019, the Bank signed an Additional Financing Agreement on November 8, 2021, and this helped the Bank procure USD 100 million to finance renewable energy and energy efficiency projects. In addition to that, the Bank also signed an Additional Financing for the Turkey Geothermal Development Project loan agreement with World Bank on December 21, 2021 in the amount of USD 150 million to continue supporting the geothermal energy sector in Turkey.

We blazed trails in Investment Banking

Boasting an experienced and well-equipped team with knowledge of the dynamics and subtleties of Turkish and international capital markets, the Bank is an active player in the market with its diversified and innovative products.

One highlight of 2021 has been the Bank's role as an intermediary in Turkey's first bond for transition to a low carbon economy (transition bond). Meanwhile, the Bank has taken a maiden step in investment banking and sustainable finance by successfully issuing Turkey's first social sukuk.

As for investment banking, the Bank serves the Privatization Authority under the Ministry of Treasury and Finance as the exclusive advisor in energy and port privatizations and has played a role in the conclusion of seven tenders and generation of some TL 3 billion in privatization revenues.

In 2021, the Bank was also the consortium leader in two IPOs, thus supporting the development of Turkey's capital markets and stepping up its efforts to develop new products.

The Investment and Development Bank of Turkey will deliver loans, capital support, investment banking, partnership, equity finance, and advisory services to priority sectors for development as they create value for the Turkish investors, business world, and national economy. This way, the Bank will contribute to Turkey's sustainable development, structural transformation, and expansion of wealth to a wider base.

Firm support for start-up ecosystem

Direct capital investment is made in small and medium sized enterprises through five funds under the umbrella of the Development Fund of Turkey and managed by Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. They all contribute to efforts aiming at boosting venture capital investments across the country.

The Technology and Innovation Fund, where the Ministry of Industry and Technology is the strategic investor, is run under the Development Fund of Turkey and has a size of TL 350 million. Meanwhile, the size of the Regional Development Fund, which involves the participation of KOSGEB, has reached to TL 525 million. Tech ventures, funds investing in such ventures, and SMEs with high growth potential are supported through these funds.

In 2021, a new fund worth TL 175 million was established: The Innovative and Advanced Technologies Venture Capital Investment Fund where the Savunma Sanayi Teknolojileri A.Ş., a Defense Industry Technologies firm affiliated with the Turkish Presidency of Defense Industries, is the principal investor. The fund aims at supporting firms focusing on high technologies that may also be used in the defense industry. Development Participation CIF, where our participation financial institutions are principal investors, is designed to support SMEs working to address Turkey's current account balance in accordance with the principles of participation finance.

Technology and Innovation Fund and TKYB Capital Fund made their initial investments in 2021, providing direct investments to two ventures and investments into four venture capital funds as part of the Fund of Funds strategy.

Firm steps towards sustainable development

Shining out with its support for sustainable development and responsible banking mindset, the Development and Investment Bank of Turkey is the first bank to sign the Operating Principles for Impact Management (Impact Principles) in Turkey.

The Bank is a member of the Impact Investment Advisory Board (EYDK) which works to improve the impact investment model and establish a well-functioning impact investment ecosystem in Turkey. Accordingly, the Bank has declared its commitment to implement a global standard to provide further discipline, transparency, and measurability to manage impact investments.

The Bank released its first sustainability report in 2020, followed by its first integrated report in 2021. This alone clearly demonstrated its operations and objectives and their alignment with sustainable development goals.

Digital transformation

Digital transformation changes all industries with banking not an exception. The Coronavirus pandemic has injected even further speed into this process. Processes and products are moved to the digital environment more intensively, while rapid access to services and life-facilitating quick solutions shape customer expectations.

The Bank continued its efforts linked with digital transformation with its private cloud project initiated in 2021. As a trailblazer in the industry, the private cloud comes with numerous benefits such as cost-effectiveness, operational efficiency, scalability, high accessibility, and most importantly a central position in terms of global technology trends.

The IT infrastructure will be revamped in 2022 and developed in terms of location, capacity, technological direction, architecture, and security. Boasting a new modular core banking app in the open-source microservice structure, the Investment and Development Bank of Turkey will have its place in the ongoing race of digitalization that has marked the entire industry.

At the Development and Investment Bank of Turkey, we focus on creating value to continue with our contribution and guidance to our country, priority sectors for development, and all our stakeholders. Taking this opportunity, I owe all our employees and stakeholders a debt of gratitude for their great share in our attainments to date and support for our firm steps towards our goals.

Kind regards,

İbrahim H. ÖZTOP
CEO and Board Member



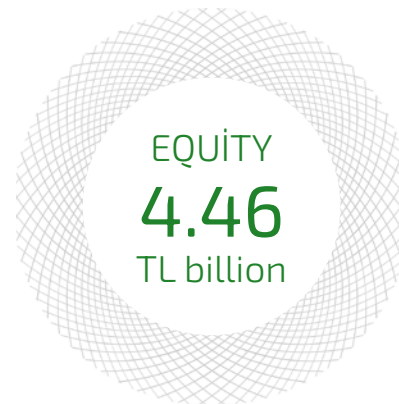
We operate with
**the vision of
adding value** to
Turkey's future.



Our Bank continued its successful performance also in 2021, delivering a 14.26% capital adequacy ratio.

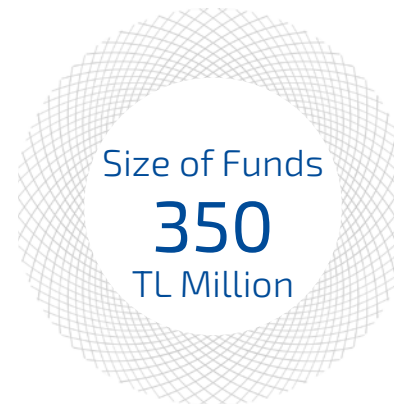
**Capital Adequacy Ratio*

**Our
achievements**
in 2021 had a
positive impact
on our financial
performance.



Driven by our shareholders' equity that grew by 24% YoY to TL 4.46 billion in 2021, we continued our support for Turkey's economy.

We took on a
**pioneering role
in sustainable
development**
in 2021.



Functioning under the umbrella of the Development Fund of Turkey with the Ministry of Industry and Technology as its investor, the Technology and Innovation Fund has a size of TL 350 million.

We continue
our efforts
**towards the
development
goals** of Turkey.

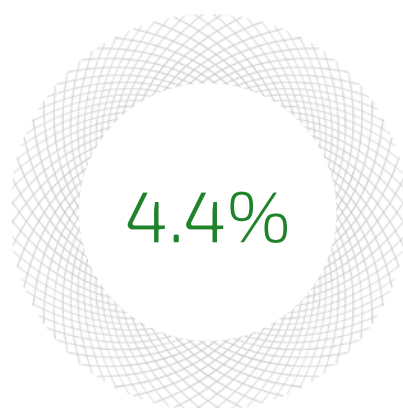


At the Development and Investment Bank of Turkey, we maintained our successful performance in 2021. We raised our net profit by 62% year on year and reached TL 814 million.



DEVELOPMENTS AND EXPECTATIONS IN THE WORLD ECONOMY IN 2021

Driven by rapid vaccination programs and high financial support among developed countries in 2021, the US economy grew, while Turkey, India, and China were among the developing countries with the highest growth rates.



Global growth projections for 2022

Hit by the Coronavirus pandemic, the global economy started to recover as of the second half of 2020 once the impact of the virus was taken under control to a certain extent. In 2021, quarantine measures were eased, vaccination programs picked up speed, and supportive economic policies made contributions to the revival of global economic activity. In this framework, the global economy is estimated to have grown by 4.4% in 2021, in the aftermath of a 3.1% shrinkage in 2020.

Driven by rapid vaccination programs and high financial support among developed countries in 2021, the US economic growth came forward, while Turkey, India, and China were among the developing countries with the highest growth rates.

World trade volume, narrowed by 8.2% in 2020 due to the pandemic, is also projected to grow by 9.3% in 2021 despite pandemic-induced supply chain bottlenecks and ongoing problems in logistics.

Trade volume grew

Global inflation rose in 2021 due to stronger economic activity, rising commodity prices, supply chain problems, and temporary demand-supply disruptions.

Gradual change in policy

Developed economies provided forward-looking guidance on asset purchase programs and monetary policy interests, and started to signal a gradual change in the policy set to take place over time after they had adopted quantitative easing policies during the pandemic. Accordingly, the pace of asset purchases, announced by the US Central Bank (FED) in March 2020, has slowed down as of November 2021. By 2022, Fed is expected to end its asset purchase program and introduce interest rate hikes during the year. European Central Bank, on the other hand, announced that it will end the Pandemic Emergency Purchase Program (PEPP) initiated in March 2020 during March 2022.

The pandemic has resulted in high levels of public spending and drop in revenues so that global budget deficit and public debt stocks increased. In 2021, global budget deficit to national income ratio is projected to increase to 8.8%, while global debt stock to national income ratio to 98.8%.

Global growth projection at 4.4%

Global growth is projected to slow down to 4.4% due to the loss of momentum facing the US and Chinese economies in 2022. Early adoption of monetary tightening in the US, as well as ongoing problems in supply, coupled with the zero-tolerance policy China pursued amid the pandemic and construction sector issues, were shown as the reasons behind the lost momentum in economic activity. As a final note, inflation is estimated to last longer than expected with the ongoing supply chain disruptions and high energy prices.

Main Global Economic Indicators (Annual % Change)

	2020 ^(*)	2021 ^(*)	2022
Global Growth Rate (%)	-3.1	5.9	4.4
Developed Countries Growth Rate (%)	-4.5	5.0	3.9
Developing Countries Growth Rate (%)	-2.0	6.5	4.8
Global Trade Volumes (% change)	-8.2	9.3	6.0
Developed Countries Trade Volumes (% change)	-9.0	8.3	6.2
Developing Countries Trade Volumes (% change)	-6.7	11.1	5.7
Oil Prices (% change)	-32.7	67.3	11.9
Inflation in Developed Countries (%)	0.7	3.1	3.9
Inflation in Developing Countries (%)	5.1	5.7	5.9

(*) Source: IMF World Economic Outlook, January 2022



DEVELOPMENTS AND EXPECTATIONS IN THE TURKISH ECONOMY

In 2021, according to estimates, Turkey's economy grew by over 10%. Growth is expected to continue in 2022, and Turkey's economy is projected to differentiate itself positively from its peers.



Turkey's total
exports in 2021

Turkey's economy recovered promptly thanks to the measures to mitigate the negative impact of the pandemic as of the second half of 2020 and delivered positive growth for the past five quarters.

Driven by domestic demand, Q1 saw a 7.4% growth in the economy, followed by a 22% in Q2 owing to a revival in foreign demand in parallel with domestic demand and the base effect of the previous year. Contributions of domestic demand and net exports continued in Q3, helping preserve the uptick in economic activity and attain a 7.4% growth in the economy. Widespread vaccination programs allowed the services industry -- tourism in particular -- to rejuvenate, and thus ensured that growth continued with a more balanced composition.

Macroeconomic indicators for Q4 show an ongoing positive trend in economic activity. Within this framework, Turkey's economy

grew by over 10% according to estimates in 2021. The upward trend in economic activity is projected to continue with the positive impact of foreign demand in 2022, while Turkey is expected to differentiate itself positively from its peers.

Foreign trade deficit dropped as exports increased

Exports maintained a solid performance in 2021 thanks to the prompt recovery in global demand. Exports grew by 32.8% to USD 225.3 billion while imports grew by 23.6% to USD 271.4 billion in 2021. This way, the foreign trade deficit narrowed by 7.5% to USD 46.1 billion. In 2022, a positive outlook in global markets, coupled with the dissipating impact of the pandemic, will contribute to the rising revenues from tourism and exports.

In 2021, demand and cost, supply shortages in some industries, rising food and commodity prices across the globe, and developments

in the foreign currency had an impact on inflation. Accordingly, annual consumer inflation concluded 2021 at 36.1%, while producer inflation reached 79.9%.

Turkish Central Bank (CBRT) adopted monetary tightening in March, increasing policy rate from 17.0% to 19.0%, and left it stable in the period from April to August. In September-December, however, analyses on the differentiation of demand, core inflation developments, and the impacts of supply fluctuations were assessed, as a result of which the policy rate was cut by 500 basis points in total. Turkey will adopt a data-driven approach that prioritizes a sustainable price stability by taking all macroeconomic indicators -- inflation and economic activity in particular -- into account, according to the Monetary and Foreign Exchange Policy Report for 2022 released in December.

Main Indicators Regarding Turkish Economy

	2020	2021 ⁽¹⁾	2022
Growth Rate (%)	1.8	11.0 ⁽¹⁾	5.0
Foreign Trade Balance (USD billion)	-49.9	-46.1	-51.8
Current Account Balance (USD billion)	-35.5	-15.0 ⁽¹⁾	-18.6
Current Account Balance/GDP (%)	-5.0	-2.0 ⁽¹⁾	-2.2
Travel Revenues (USD billion)	10.2	24.5	25.0
Consumer Prices Change (%)	14.6	36.1	23.2 ⁽³⁾
Unemployment Rate (%)	13.2	12.6	12.0

(*) Realization

Source: Mid-Term Program 2022-2024

Note: ⁽¹⁾ Estimated realization, Development and Investment Bank of Turkey

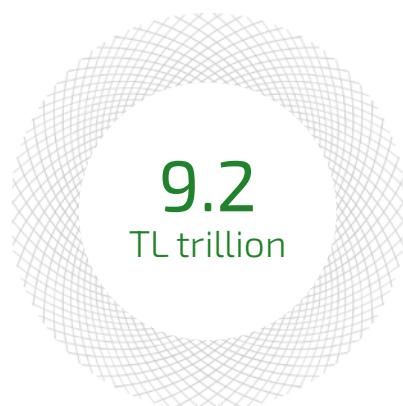
⁽²⁾ Program

⁽³⁾ CBRT, Inflation Report 2022-I



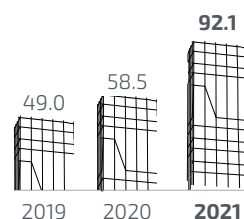
THE DEVELOPMENT AND INVESTMENT BANK IN THE TURKISH BANKING INDUSTRY

The loans to assets ratio of the Development and Investment Bank of Turkey is 77.5%, much higher when compared to that of the overall banking sector as well as other development and investment banks.



Turkish banking
industry asset size

Net Profit of the Banking Industry
(TL billion)



As of December 2021, the asset size of the Turkish banking industry grew by 51% year on year, reaching TL 9.2 trillion. Domestic and global monetary policies had a defining impact on the industry.

Total loans are the biggest item of the balance sheet

As of December 2021, total loans accounted for 53.2% of total assets, making up the biggest item on Turkish banks' balance sheet. The sector's loan stock expanded by 37% compared to the end of 2020, corresponding to approximately TL 4.9 trillion. Meanwhile, year-on-year growth in the loan volume of the Development and Investment Banks Group rose by 56.8% in December 2021, much higher than the industry average. The loan stock of the Bank, on the other hand, jumped by 83.7% year-on-year to TL 37.5 billion at year-end 2021.

Loans to assets ratio of Development and Investment Banks reached 67.0% as of the end of 2021 down from 67.8% at the end of 2020. The Bank's loans to assets ratio was 77.5%, much higher when compared to that of the overall banking sector as well as other Development and Investment Banks.

The industry's gross non-performing loans ratio, which stood at 4.1% in 2020, fell to 3.1% in 2021.

The gross NPL ratio of Development and Investment Banks Group dropped to 1.0% in December 2021 from 1.1% in December 2020. The Gross NPL ratio of the Bank stood at 2.3% as of December 2021.

The banking industry's net profit for the period climbed by some 57% to TL 92.1 billion as of December 2021. Meanwhile, the net interest income of the industry increased by 23.6% to TL 265.6 billion compared to 2020. The net foreign exchange income (profit) concluded in 2020 with TL 3.7 billion, whereas a net loss of TL 59.6 billion occurred in 2021.

The return on assets of the industry, which was 1.1% in 2020 rose to 1.3% in December 2021. Development and Investment Banks Group increased their net profits by 61.8%. The return on assets (ROA) of the Development and Investment Banks Group rose from 1.7% in 2020 to 2.1% in 2021. The average ROA of our Bank equaled 2.4% in 2021, up from 2.2% in 2020.

Capital Adequacy Ratio 14.3%

The banking industry's capital adequacy ratio (CAR), which was 18.7% in 2020, amounted to 18.3% as of December 2021. On the other hand, the CAR of the Development and Investment Banks Group dropped from 25.8% in 2020 to 22.6% as of December 2021. Our Bank's CAR stood at 14.3% in 2021.





EVALUATION OF ACTIVITIES CARRIED OUT IN 2021 AND TARGETS FOR 2022

The Development and Investment Bank of Turkey continues its contributions to Turkey's structural transformation and expansion of wealth to a wider base.



Amount of the
Additional Finance Deal
Signed with the Asian
Infrastructure and
Development Bank

In line with its core strategies and responsible banking approach the Development and Investment Bank of Turkey served as a solution partner to investors and continued to create lasting value and support sustainable development also in 2021. The Bank's team of professionals and many years of banking industry know-how allow it to contribute to sustainable development and structural transformation of Turkey as well as expansion of wealth to a wider base in the areas such as:

- Access to international funds,
- Project evaluation and financing,
- Conducting feasibility studies for investment projects,
- Business valuation and appraisals,
- Grant programs,
- International technical cooperation,
- Extension of advance loans against investment undertakings provided by CBRT,



- Pioneering the Risk Sharing Mechanism,
- Investment banking services, and
- Developing Innovative Capital Markets products,
- Adopting a sustainable development and responsible banking mindset in operations,
- Services of the Development Fund of Turkey.

by providing loans, capital support, investment banking services, partnerships, equity finance, and advisory services for the Turkish investors and, business world.

In an attempt to gather its quality, environmental and occupational safety management systems under the umbrella of the Integrated Management System, the Bank obtained the following certifications alongside the existing ISO 14001:2018 Environmental Management System Certificate.

- ISO 9001:2015 (Quality Management System) aimed at continuous development and covering all the stages of Development and Investment Banking Services
- ISO 45001: 2018 (Occupational Health and Safety Management System) aimed at preventing occupational accidents and illnesses and delivering safe and healthy workplaces

At the year-end of 2021, the Bank increased assets by 72% and operating income by 79% year on year. The Bank's loans, which make up 77.5% of its total assets, reached to TL 37.5 billion, up by 84% compared to the previous year. Announcing a year-end profit of TL 813.9 million, the Bank's capital adequacy ratio stood at 14.26% in 2021. The gross non-performing loans/total loans ratio was at 2.3% as of the end of 2021.



The Development and Investment Bank was the intermediary institution in Turkey's first bond for transition to low carbon economy (transition bond) in 2021. The first social sukuk of Turkey was issued by Kalkınma Yatırım Varlık Kiralama A.Ş., an affiliate of the Bank.

Advisory services were delivered for Tarım Kredi Holding A.Ş.'s bond issuance of TL 65.8 million with a term of 175 days.

The Bank promotes the policies adopted by the economic administration to help mitigate the impact of the pandemic on the economy and plays an active role in the period of gradual normalization. A significant step for the bank and our country towards corporate banking was the mandate provided by the Central Bank of Turkey in June 2020 for an Advanced Loan Against Investment Undertaking for up to TL 18 billion, with a term of up to 10 years ("Investment Support" TL Loans). Extensions under the Investment Support Loan continued throughout 2021.

Withdrawals from the EUR 316 million facility, obtained in 2020 from the World Bank under the Formal Employment Creation Project, started in 2021. Having concluded the preparatory efforts, the Bank has reached the stage of calls and collecting proposals for the grant worth EUR 76 million under the Grant Deal signed with the World Bank acting as the administrator of the European Commission Development Fund on February 22, 2021. The project is aimed at mitigating the negative impacts on economic life and creating employment in the cities hit by migration.

The USD 170 million loan agreement (GREEN III) with a term of 12 years was signed with the Japanese Bank of International Cooperation (JBIC) to finance renewable energy and energy efficiency projects.

In addition to the loan agreement signed with the Asian Infrastructure Investment Bank (AIIB) in 2019, the Bank signed an Additional Finance Deal in 2021 and this helped the Bank procure USD 100 million to finance renewable energy and energy efficiency projects.

With the World Bank, the Bank signed an additional loan agreement in 2021 for USD 150 million to provide finance for geothermal energy projects.

Also 2021, the Bank signed a loan agreement with China Development Bank for USD 200 million to support energy, infrastructure, healthcare sectors and SMEs. The Bank was an intermediary for the issuance of Turkey's first transition bond (Transition to Low Carbon Economy) in 2021. The Bank served Palgaz, a natural gas distributor in Turkey's most populated industrial region Northern Marmara, as an exclusive financial advisor in Palgaz's issuance of Turkey's first transition bond worth TL 200 million. This transaction is a first among other issuances in the real sector as it has a sustainability dimension with a second party opinion report that involves an impact analysis conducted by an independent firm at global standards. Hence, it is the first transaction to encourage institutions without a general understanding of "green" operations to issue sustainable bonds.

Turkey's first social sukuk issuance worth TL 50 million was carried out by Kalkınma Yatırım Varlık Kiralama A.Ş., a Bank affiliate. The Bank is a beneficiary of this fund. It is yet another

first in capital markets and sustainable finance area as it contributes to sustainable development goals with a second party opinion report prepared by an independent firm.

As for investment banking, the Bank serves the Privatization Administration as the exclusive advisor in energy and port privatizations and has played a role in the conclusion of nine tenders and generation of TL 3 billion in privatization revenues.

The Technology and Innovation Fund under the Development Fund of Turkey has a size of TL 350 million. The fund has already started to invest in tech ventures and venture capital funds within the ecosystem.

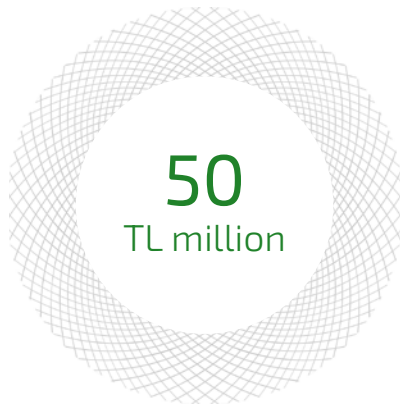
The Bank became the first and only institution from Turkey to sign the Operational Principles for Impact Management pioneered by the International Finance Corporation (IFC) in 2021. The Bank considers impact management systems as a reference point that can be continuously improved internationally and set an example for best practices. The Bank will partner with global and domestic actors to make impact investments in companies, organizations, and funds to deliver financial, social, and environmental gains.

Thanks to the Bank's efforts towards supporting sustainable development with a responsible banking mindset, it attained the highest score in the finance industry in 2021 with a B rating in the Climate Change Program of CDP, the world's largest environmental reporting platform. Risks and opportunities linked with climate change are assessed by the Bank in this report, while questions on strategy, governance, emission metrics, goals, performance, and value chain interaction are addressed voluntarily.



EVALUATION OF ACTIVITIES CARRIED OUT IN 2021 AND TARGETS FOR 2022

The Development and Investment Bank was one of the highest-scoring institutions in the finance industry as it obtained a B at the Climate Change Program of CDP. This score was thanks to the support extended to sustainable development and efforts conducted with a responsible banking mindset.



The amount of Turkey's
first social sukuk
issuance

In the face of the COVID-19 pandemic that hit the world and Turkey, the Bank guaranteed the continuity of its operational and management processes through the measures taken and adjustments made and observed the health of employees while ensuring uninterrupted activities.

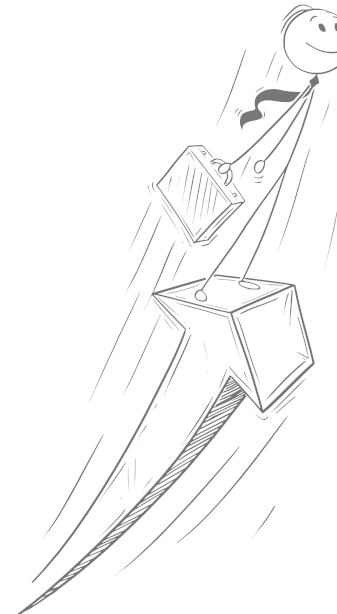
Having revised the existing business and IT processes, the Bank had a dynamic, active, and successful fiscal period thanks to its new organizational structure and staff. In the meantime, it carried out efforts to boost its brand recognition and visibility on visual, written, and digital channels and intensified corporate communication activities.

The Bank will continue to introduce new products and services, focus on digitalization and quality, and work towards financial and operational goals in 2022.

2021 Highlights

- TL 350 million sized Technology and Innovation Fund under the Development Fund of Turkey has started to invest in tech ventures and venture capital funds within the ecosystem.
- In an attempt to gather its quality, environmental and occupational safety management systems under the umbrella of the Integrated Management System, the Bank obtained the following certifications alongside the existing ISO 14001:2018 Environmental Management System Certificate: ISO 9001:2015 (Quality Management System) aimed at continuous development and covering all the stages of Development and Investment Banking Services; and ISO 45001: 2018 (Occupational Health and Safety Management System) aimed at preventing occupational accidents and illnesses and delivering safe and healthy workplaces.

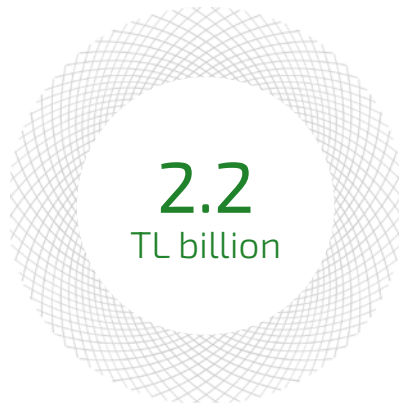
- With the Bank acting as the beneficiary, Turkey's first social sukuk was issued with a value of TL 50 million.
- It was among the leading intermediary institutions in the IPOs of Kızılbük Gayrimenkul Yatırım Ortaklığı A.Ş. with an issuance worth TL 948 million and Aydem Yenilenebilir Enerji A.Ş. with an issuance worth TL 1.29 billion.
- Advisory services were delivered for Tarım Kredi Holding A.Ş.'s bond issuance of TL 65.8 million with a term of 175 days.
- Advisory services were delivered for the operating permit and structuring processes of Kalkınma Girişim Sermayesi Portföy Yönetim A.Ş.



- The Bank signed the Operational Principles for Impact Management pioneered by the International Finance Corporation (IFC) in Turkey.
- Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. (Bank subsidiary in venture capital portfolio management) established Innovative and Advanced Technologies Venture Capital Investment Fund, and Development Participation Venture Capital Investment Fund. The Bank established TKYB Capital Fund.
- Efforts were commenced for the opening of the Ankara Branch of the Bank.
- Extensions from the USD 550 million loan, procured from the Asian Infrastructure Investment Bank (AIIB) and World Bank in 2020 to help curb the impacts of the COVID-19 pandemic, started in 2021. In this respect, SME and Large Enterprise loans were extended directly and via the means of Apex method, through financing institutions.
- Extensions from the EUR 316 million facility, obtained in 2020 from the World Bank under the Formal Employment Creation Project, started in 2021. Having concluded the preparatory efforts, the Bank has reached the stage of collecting proposals for the grant worth EUR 76 million under the Grant Deal signed with the World Bank as administrator of the European Commission Development Fund of the European Union on February 22, 2021. The project is aimed at mitigating the negative impacts on economic life and creating employment in the cities hit by migration.
- The USD 170 million loan agreement with a term of 12 years (GREEN III) was signed with the Japanese Bank of International Cooperation (JBIC) to finance renewable energy and energy efficiency projects.



Nine energy and port privatizations, where the Development and Investment Bank of Turkey played a role as the exclusive advisor of the Privatization Administration, were concluded.



The total value of public offerings intermediated for sustainability-themed products



- The Bank signed an additional loan agreement with World Bank in 2021 for USD 150 million to provide finance for geothermal energy projects.
- The Bank signed a loan agreement with China Development Bank in 2021 for USD 200 million to support energy, infrastructure, healthcare sectors and SMEs.
- In addition to the loan agreement signed with the Asian Infrastructure Investment Bank (AIIB) on December 10, 2019, the Bank signed an Additional Finance Deal on November 8, 2021, and this helped the Bank procure USD 100 million to finance renewable energy and energy efficiency projects.
- The Bank has served the Privatization Administration as the exclusive advisor in energy and port privatizations and has played a role in the conclusion of nine tenders and generation of TL 3 billion in privatization revenues.
- The Bank was an intermediary for the issuance of Turkey's first transition bond (Transition to Low Carbon Economy).
- The Bank served as an intermediary in the public offerings of over TL 2.2 billion in total as they were focused on all international criteria and frameworks on sustainability-themed products.
- Applications were submitted to BRSA and CMB regarding the issuance of bonds, bills, and other borrowing instruments of up to USD 400 million or its equivalent in foreign currencies and Turkish Lira that involve one or more issuances abroad, without a public offering. A preliminary memorandum was signed between the Bank and French Development Agency (AFD) for an allocated sale regarding a bond issuance of EUR 100 million.
- The Bank's first Integrated Report was released.
- Sustainability and Environmental Social Impact Management function was established.
- Capacity-building efforts aimed at disseminating the experience acquired with the Risk Sharing Mechanism under GEORISK, included within the EU-Horizon 2020 program, to EU and non-EU target countries, as well as establishing and developing mechanisms to mitigate technical and financial risks of geothermal investments.



EVALUATION OF ACTIVITIES CARRIED OUT IN 2021 AND TARGETS FOR 2022

DEVELOPING AND MONITORING FUNDING SOURCES

Extensions from the USD 550 million loan, procured from the Asian Infrastructure Investment Bank (AIIB) and World Bank in 2020 to help curb the impact of the COVID-19 pandemic, started in 2021.

Equity

As of the end of 2021, the Bank's registered capital ceiling was raised to TL 10 billion and paid-in capital to TL 2 billion.

Liabilities

Funding obtained from international financial institutions and extended to investor companies throughout 2021 are summarized below:

The European Investment Bank (EIB)

Activities regarding the disbursement and re-payment of the loans in different sectors obtained under the loan agreements with the European Investment Bank continued in 2020.

AIIB Renewable Energy - Energy Efficiency Loan

A USD 200 million loan agreement was signed with the AIIB for the financing of renewable energy and energy efficiency projects on December 10, 2019. In 2021, the entire loan was transferred to the Bank's accounts. Extensions are ongoing.

Installment Sales Loan for Clean Energy and Energy Infrastructure Projects from the Islamic Development Bank (IsDB)

The Bank signed a loan agreement, effective as of November 22, 2017, regarding the installment sales facility provided by the Islamic Development Bank for financing clean energy and energy infrastructure projects in Turkey. The entirety of this long-term loan worth 200 USD million was extended to firms and thus investments to create environmental benefits were financed.

German Development Bank (KfW)

Tender processes were initiated under the agreement dated August 12, 2019, signed with KfW for a grant of EUR 2 million regarding the provision of technical assistance services.

KfW Finance for Infrastructure Investments II

On September 17, 2019, a loan agreement in the amount of EUR 13.6 million was signed with KfW (German Development Bank) to provide loans for infrastructure investments. In 2021, the loan was entirely transferred to the Bank's accounts and extended to enterprises.

KfW Solar Loan

On December 20, 2019, a loan agreement for EUR 45 million was signed with KfW to provide funding for solar power and renewable energy investments. As of January 2021, the loan was transferred to the Bank's accounts and extensions finalized.

World Bank (WB) Registered Employment Creation Loan

Under the loan agreement worth EUR 316 million signed with the World Bank on June 1, 2020, the Bank procured EUR 41 million in 2020 and EUR 63 million in 2021 in funds. Extensions are ongoing.

World Bank - European Union Grant

A call for proposals was released on December 17, 2021, for the extension of the EUR 76 million grant provided by the European Union under the Grant Contract signed between the Bank and World Bank on February 22, 2021, to employment-creating enterprises. Grant will be provided to formal employment-creating firms once applications submitted are evaluated.





The Development and Investment Bank of Turkey signed an Additional Financing Deal with Asian Infrastructure Investment Bank (AIIB) on November 8, 2021, and this helped the Bank procure USD 100 million to finance renewable energy and energy efficiency projects.

WB Emergency Firm Support Loan

On September 9, 2020, the World Bank and the Bank signed an Emergency Firm Support Loan Agreement for USD 250 million. The loan was declared effective on January 6, 2021, and made available for applicants via Participating Financial Institutions. In 2021, USD 50 million was transferred to the Bank's accounts. Extensions are ongoing.

AIIB COVID-19 Loan

A COVID-19 loan agreement for USD 300 million was executed between the Asian Infrastructure Investment Bank (AIIB) and the Bank, effective as of August 17, 2020. Extensions to firms are ongoing.

Resources Obtained/Loan Agreements in 2021

AFD - French Development Agency

In November 2021, a preliminary protocol was signed for the issuance of a sustainable bond for EUR 100 million.

JBIC GREEN III

The GREEN III loan agreement worth USD 170 million was signed with the Japan Bank for International Cooperation (JBIC) on March 29, 2021.

Additional Finance for AIIB Renewable Energy and Energy Efficiency

An additional loan agreement worth USD 100 million was signed with AIIB on November 8, 2021, as an extension of the Renewable Energy and Energy Efficiency Loan.

World Bank (IBRD) Additional Financing for the Turkey Geothermal Development Project

On December 21, 2021, an additional loan agreement for USD 150 million was signed with the World Bank for providing finance to geothermal energy projects.

China Development Bank (CDB)

On December 28, 2021, a loan agreement for USD 200 million was signed with the China Development Bank for the financing of energy, infrastructure, healthcare, and SMEs and entered into force.

Resources/New Facilities Foreseen for 2022

Efforts are ongoing regarding new finance facilities to be provided by numerous development finance institutions including the World Bank, Japan International Cooperation Agency (JICA), the Asian Infrastructure Investment Bank (AIIB), the German Development Bank (KfW), Islamic Development Bank (IsDB), and Black Sea Trade and Development Bank (BSTDB).





EVALUATION OF ACTIVITIES CARRIED OUT IN 2021 AND TARGETS FOR 2022

PROJECT MANAGEMENT ACTIVITIES

Total USD 736,008 was provided in grants for 33 projects aimed at corporate capacity-building under three financial support programs implemented under COMCEC Project Finance activities as per the MoU signed between the Development and Investment Bank of Turkey and COMCEC Coordination Office.

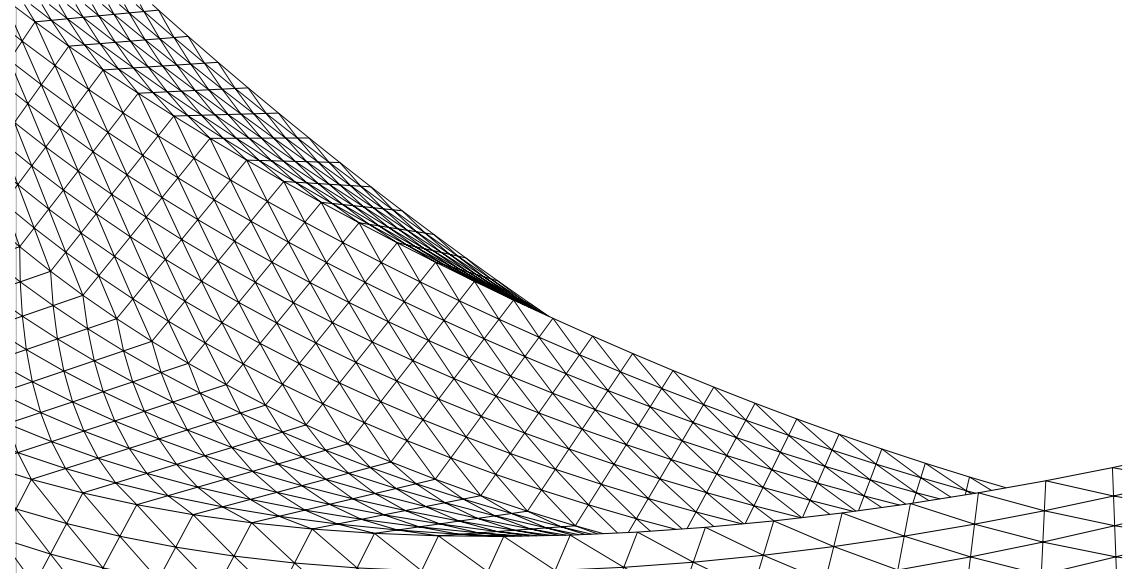
COMCEC Project Finance Activities

The Development and Investment Bank of Turkey, the Presidency of the Republic of Turkey, Strategy and Budget Office, and the General Directorate of COMCEC and International Development Cooperation (the COMCEC Coordination Office) signed a Memorandum of Understanding and Protocol regarding the COMCEC Project Finance activities (<http://www.comcec.org/>), effective as of March 1, 2021.

Within the scope of the 8th Call for Project Proposals in 2021, the COMCEC Coordination Office decided to support 42 projects to be conducted by OIC member states and OIC institutions. In April 2020, the Bank, together with the officers of the COMCEC Coordination Office, conducted three training courses on the implementation of projects to be supported in 2021 under the COMCEC project grants to the representatives of project owners via online means due to the pandemic.

COMCEC's six areas for cooperation among member countries are agriculture, tourism, provision of financial collaboration, transportation, elimination of poverty, and trade. The projects implemented in these areas are intended to improve the institutional capacities of the public bodies in the relevant countries. Total disbursement to projects implemented under the 8th Call for Project Proposals was USD 360,648 as of December 31, 2021.

Grants are provided to support member states in eliminating the impacts related to COVID-19 under the COMCEC COVID Response Program. USD 176,550 was disbursed to project owners by December 31, 2021, under the program.



As part of the COMCEC Jerusalem Program, USD 198,810.06 was paid to project owners.

42 grant contracts were signed in total as part of three grant programs conducted in collaboration with COMCEC. Nine projects were canceled on the grounds of implementation difficulties due to COVID-19. USD 736,008 was paid to 33 projects implemented, and activities under 12 projects were agreed to continue in 2022.

The Grant Agreement for Formal Employment Creation Project under the Facility for Refugees in Turkey was signed on February 22, 2021. Preliminary preparations were completed and the deal was activated on April 22, 2021, and entered into force on August 6, 2021, upon publication on the Official Gazette.

The grant program under the Formal Employment Creation project is designed to support small, medium, and large-sized enterprises operating in 24 provinces impacted by irregular migration and enhance their formal employment creation opportunities for Turkish nationals and refugees. Efforts linked with the digital application platform called Kayist IT infrastructure were completed in 2021. Preparations were finalized for the Call for Project Proposals, which was released in December and.

The plan is to finalize the evaluation of projects submitted and start with the provision of grants to beneficiaries in 2022. Another plan is to carry out some part of the technical assistance activities under the Program, the implementation period of which will continue from 2022 to 2024, corporate capacity building activities, and technical assistance training to beneficiaries in 2022.



WHOLESALE BANKING (APEX LOAN) ACTIVITIES

One strategic objective of the Development and Investment Bank of Turkey in development banking is increasing the diversity of financing products for priority sectors that are highly dependent on imports and produce foreign trade deficits, while simultaneously having a high potential to generate foreign currency revenues and contribute substantially to employment levels.

APEX Component under the World Bank Formal Employment Creation Project

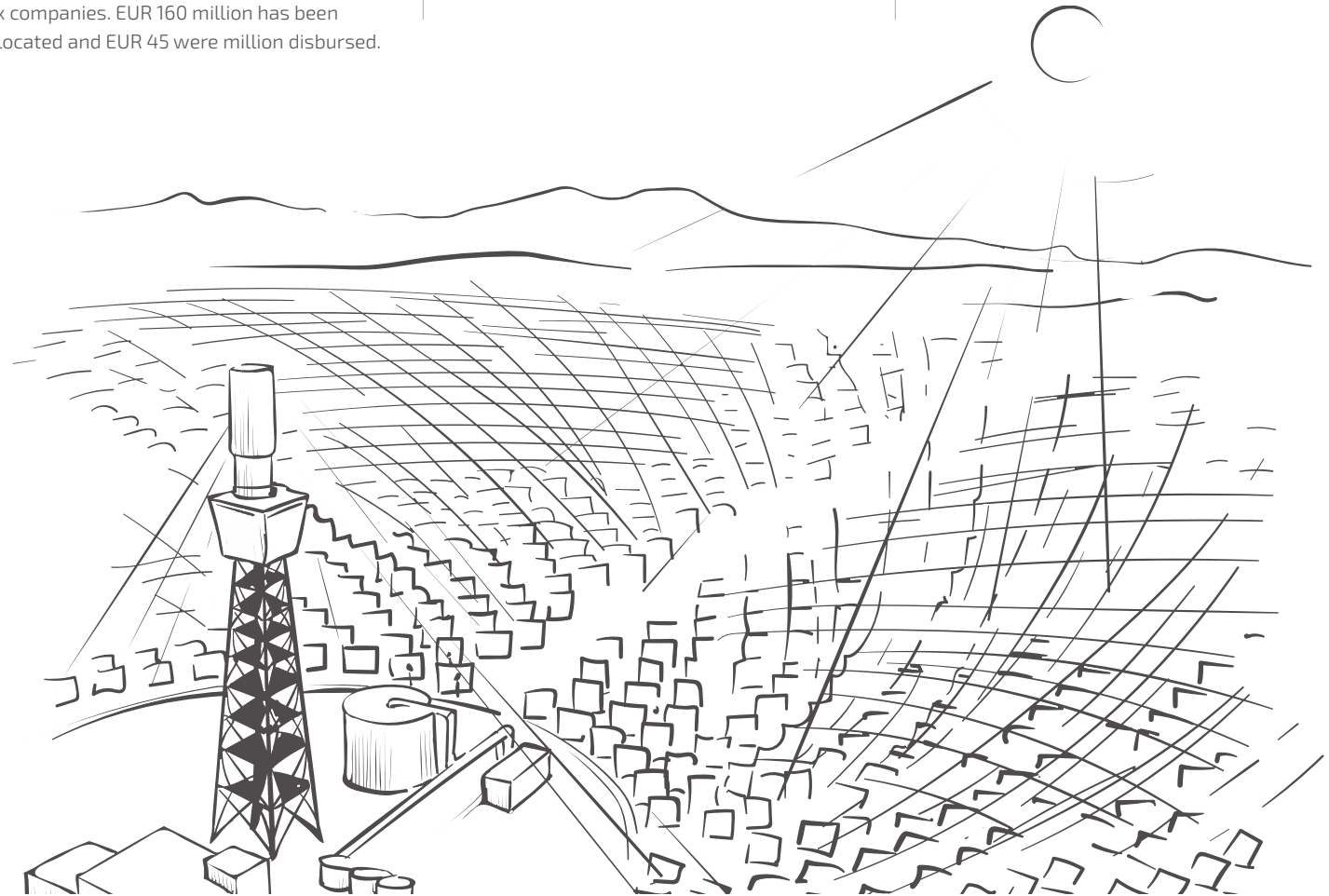
One of the loan components of the Formal Employment Creation Project is the APEX loan component worth EUR 190 million set for extension via wholesale banking (APEX lending) Approval for Participating Financial Institutions eligibility was obtained from the World Bank regarding this component. The Subsidiary Financing Agreements was signed with five leasing companies out of six companies. EUR 160 million has been allocated and EUR 45 were million disbursed.

APEX Loan of the World Bank Emergency Firm Support Project

The entirety of USD 250 million under the Emergency Firm Support Project conducted with the World Bank is extended via means of APEX banking. Contracts were signed with two financial leasing companies as intermediary institutions, resulting in the allocation of USD 60 million and an extension of USD 20 million.

APEX Component of the Asian Infrastructure Investment Bank's COVID-19 Project

Contract negotiations with intermediary institutions are ongoing regarding the USD 100 million APEX loan component of the COVID-19 project worth USD 300 million conducted with the Asian Infrastructure Investment Bank. In 2022, the entire loan of USD 100 million is planned to be extended.





EVALUATION OF ACTIVITIES CARRIED OUT IN 2021 AND TARGETS FOR 2022

RSM PROJECT and GEORISK PROJECT

Under the RSM Project, the Development and Investment Bank of Turkey partially covers the geothermal risks arising from well drilling activities conducted by geothermal energy investors, thus contributing to the utilization of Turkey's geothermal potential.

Activities conducted in 2021 under the Risk Sharing Mechanism (RSM) are as follows:

RSM Project: The RSM Project is a component of the Geothermal Development Project of Turkey undertaken by the Development and Investment Bank of Turkey with the World Bank on November 30, 2016. The project is aimed at partially covering the geothermal risks associated with geothermal energy investors' drilling activities to locate resources and contributing to Turkey's utilization of its geothermal potential. Owing to the contributions from the Clean Technology Fund (CTF), around 40% to 60% of the expenses will be covered if the wells are determined to be unsuccessful. If wells prove successful, a 5% success fee will be charged to investors. The coverage rate is 40% in the provinces of Manisa, Aydın, and Denizli, with the exception of certain districts. It is 60% for other districts of these provinces and all other provinces.

Under the project, the program is introduced and applicant firms' files are received for a preliminary evaluation. Selected companies' geothermal exploration reports, business plans, drilling, and test programs, environmental and social impact assessment reports, as well as management plans, are reviewed. Projects are approved upon the execution of agreements including success criteria. The Bank monitors the projects at the stage of drilling activities, reviews their drilling and testing reports, evaluates them as per the success criteria upon the completion of boreholes, and prepares a conclusion report. Additionally, the Bank is also in charge of collecting success fees from successful projects and covering risk-sharing fees for unsuccessful projects. To ensure effective implementation of the aforementioned activities under the project, an RSM Consultant



was engaged via an international tender to support the Bank.

In the first round of implementation, seven projects were included in the scope. Contracts were signed with three of them, while two were taken out of the scope upon their request. Preparatory activities continue for two other projects.

Drilling activities for the wells of two projects, which were included in the first round of implementations with executed contracts, were completed.

As the first round of implementation activities under RSM is ongoing, Expression of Intent (EOI) applications were received on January 26, 2021. All projects joining the EOI application

process on March 12, 2021, were evaluated and a total of 18 projects were shortlisted. A two-day training course was delivered to shortlisted investors involving additional information on the preparations for the main application period and the RSM project on June 20 and 21, 2021. After the training, the main application period started. 14 geothermal development project applications were filed for the second round of RSM as a result of the application period that continued until June 3, 2021. Projects filed were assessed and scored by the RSM consultants and RSM Project Implementation Unit in technical, financial, environmental, and social aspects. As a result of evaluations, it was decided to include the top ten highest scoring projects in the second round of the implementation program provided the project budget is sufficient.



The Development and Investment Bank of Turkey attended eight national and two international workshops and congresses as part of the Georisk project.

Owners of 14 projects assessed for the second round of RSM as well as their technical consultants attended an RSM environmental and social requirements meeting on December 15, 2021.

The plan is to start negotiations, which will initially be held for the first two projects, on January 10, 2022. Moreover, efforts on the projects under the first round continue simultaneously.

GEORISK PROJECT

The Georisk project was commenced to establish, develop and disseminate geothermal risk-sharing mechanisms across the European countries. Activities will be also undertaken to implement risk-sharing systems in countries other than Europe. The Development and Investment Bank was included in the project, involving 15 institutions from various European countries, as the implementer of the RSM project. TÜBİTAK and JESDER are the other participants from Turkey.

Developed under the EU-Horizon 2020 program, the Georisk project is intended to set a methodology to identify geothermal investment risks and develop and disseminate existing geothermal risk-sharing mechanisms across European countries. Another goal with this project is to identify the methodology to support geothermal resource development and mitigate investment risks in non-European countries and conduct capacity-building activities. Launched in October 2018, the project was scheduled for completion in March 2021. It was extended for six months due to the COVID-19 pandemic that started in late 2019 and was completed on September 30, 2021.

Activities conducted for the project in 2021 are as follows:

The Bank attended the web conferences held monthly with the participation of institutions involved in the project. All the applicable laws and regulations with regards to energy/renewable energy/geothermal energy matters in all participating countries have been consolidated under an evaluation report. The report provides evaluations on the scopes to cover the risks of geothermal projects as stipulated in applicable laws and regulations. As part of the project, a capacity definition document was prepared and shared with participant institutions. The document was on the risk mitigation mechanisms to be developed under the supervision of the Bank.

The Bank attended eight national and two international workshops and congresses as part of the Georisk project. Presentations were made to share information on the implementation of RSM at these events as the Bank took on a role in the project. In September 2021, a Capacity-Building Report

was prepared under the Bank's oversight. The Capacity-Building Report provides a summary of the evolution of the geothermal sector and the legal process that provided a basis for the development of geothermal resources in Europe and targeted non-European countries. The report also includes analyses of the current situation. In the report, analyses are made to summarize the strengths and weaknesses of the geothermal sector as well as opportunities, and threats facing each target country. The assessment of analyses provides a roadmap aimed at creating and improving risk-mitigating mechanisms for the development of geothermal resources in target countries.

The Bank attended the final project meeting held in the province of Fribourg, Switzerland on September 22, 2021. Information was delivered regarding the activities conducted and the capacity-building report prepared. Technical and financial final reports were drawn up and presented to the project coordination office. This concluded the project on September 30, 2021.



212 Regional Fund II invested in five companies in 2021 and raised the number of the companies in its portfolio to 13.



EVALUATION OF ACTIVITIES CARRIED OUT IN 2021 AND TARGETS FOR 2022

DEVELOPMENT FUND OF TURKEY

Through the Development Fund of Turkey, the Bank aims to support national development by engaging in direct and indirect investments and partnerships. It also seeks to contribute to the efficient use of public resources with the help of fund management services compliant with global best practices.

Through Turkey Development Fund, the Development and Investment Bank aims to support national development by engaging in direct and indirect investments and partnerships through funds set up by an experienced team, well-versed in market dynamics. It also seeks to contribute to the efficient use of public resources with the help of fund management services compliant with global best practices.

A wholly-owned subsidiary of the Bank, Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş., took over the management of the Regional Development Fund and Technology and Innovation Fund both established under the umbrella of TKF (Development Fund of Turkey) on March 15, 2021.

Technology and Innovation Fund (TL 350 million), Regional Development Fund (TL 525 million), and TKYB Capital Fund (TL 200 million) are under the overarching TKF. This umbrella fund also includes the Participation Venture Capital Investment Fund worth TL 125 million and the Innovative and Advanced Technologies Participation Venture Capital Investment Fund worth TL 175 million established in 2021. Five funds represent 1 billion 375 million TL in total geared towards directly investing in small and medium-sized companies, boosting venture capital investments across Turkey, channeling private sector resources to this area, and further disseminating investments across the country.

One strategic objective of the Bank in development banking as stated in the 2022 strategic plan is increasing the diversity of financing products for priority sectors - designated by national development plans and programs - which are highly dependent on imports and produce foreign trade deficits,

while simultaneously having a high potential to generate foreign currency revenues and contribute substantially to employment levels.

In addition to the main objectives in the priority sectors as shown in the 11th Development Plan, the Development and Investment Bank of Turkey has been assigned specific roles to facilitate priority sectors' access to finance and ensure they act in line with long-term plans. Assigned roles include support for industry investments - priority sectors in particular -, and execution of long-term loan agreements with international financial institutions for use in these sectors.

With the awareness of this assignment and duty, the Bank works to widen access to resources that will transform the manufacturing industry and deliver production-driven growth support. Meanwhile, its wholly-owned subsidiary Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. manages five funds to support industrial enterprises and ventures in those sectors of priority for development.

As a result of partnerships and resource generation efforts, strategic collaborations were established as the Turkish Ministry of Industry and Technology and KOSGEB joined the Regional Development Fund, while the same Ministry also participated in the Technology and Innovation Fund as an investor. In 2021, a TKYB Capital Fund was established and investments commenced under the Development Fund of Turkey with a size of TL 200 million where the Bank is the sole investor.

In addition to these funds, two new venture capital investment funds were established with SSTEK Savunma Sanayii Teknolojileri A.Ş., Vakıf Katılım Bankası A.Ş., Ziraat Participation Bank and the Development and Investment

Bank of Turkey as investors: Innovative and Advanced Technologies Participation Venture Capital Investment Fund and Development Participation Venture Capital Investment Fund amounting to TL 300 million in total. The objective is to support tech companies that contribute to Turkey's economy.

The Development Fund of Turkey (TKF) is designed as an investment platform that operates through the powers, flexibility, independence, and best practices as determined by law. With the fund and sub-funds, opportunities will be made available for capital and structured finance investments following different strategies. Fund investments will help build sound relations with the venture capital ecosystem and mutual investment opportunities will be made available.



Size of the TKF
umbrella fund



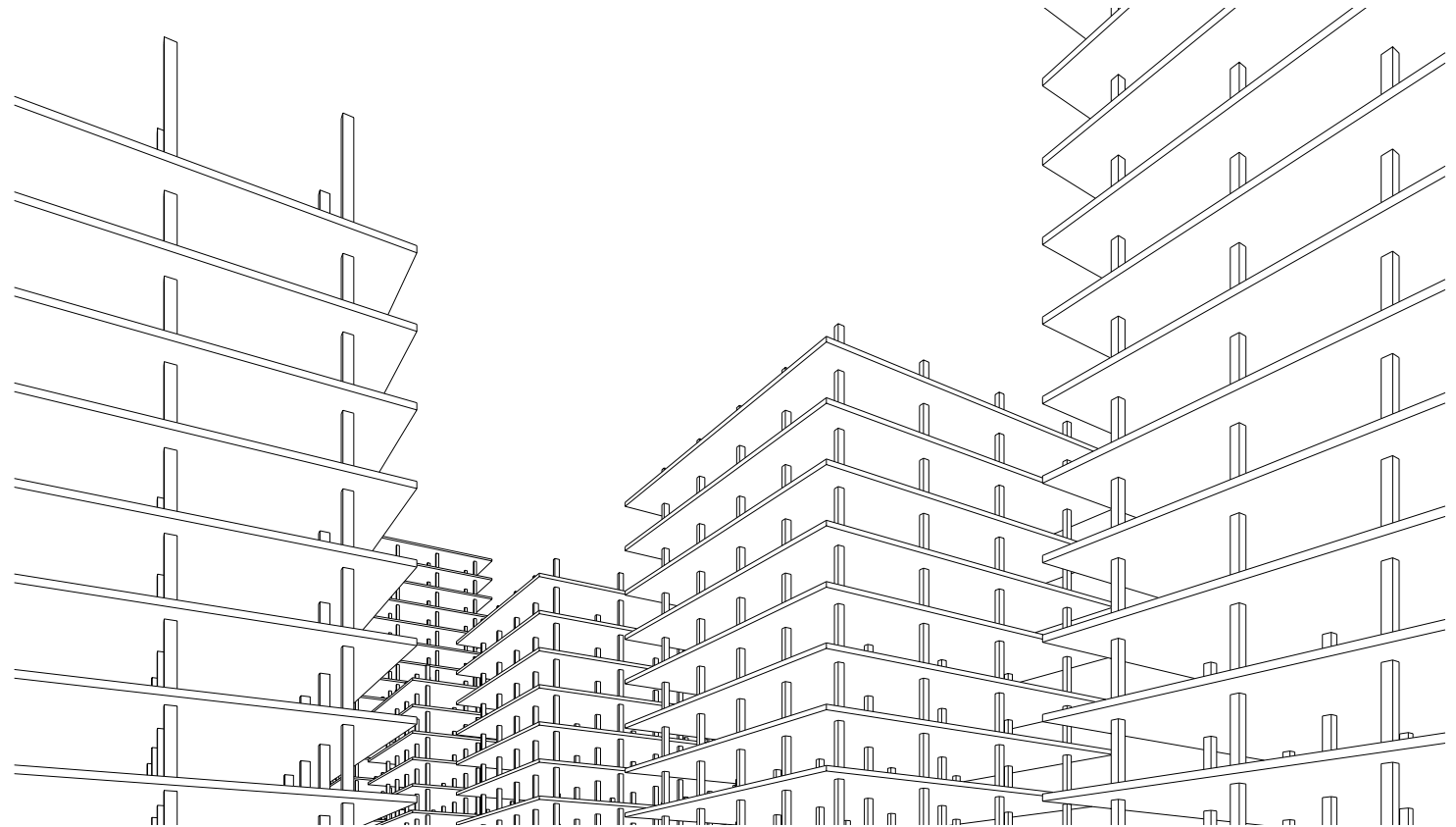
212 REGIONAL FUND II

The investment that the Bank has committed to the 212 Regional Fund II has been taken over by the TKYB Capital Fund, formed under the TKF umbrella fund, on January 1, 2022.

In cooperation with the European Investment Fund (EIF) and the Turkish Investment Initiative (TII), the Development and Investment Bank of Turkey aimed to invest in venture capital funds that invest in technology and innovation. Following the relevant assessment in this regard, the Bank made a commitment to invest EUR 3 million in the 212 Regional Fund II established in Luxembourg with an initial fund amount of EUR 30.5 million. In general, the target sector of the Fund is information and communication technologies and it aims to invest in startup companies in this field.

212 Regional Fund II has a size of EUR 49 million. It invested in five new companies in 2021, rising the number of companies in its portfolio to 13, and the amount of investments to EUR 17 million. The portfolio of the Fund includes Omma in the digital screen software field; SmartMessage in the digital channel marketing automation field; Marti in the micro-mobility field; Mall IQ in the field of smart location services to improve in-store shopping experience; Appsamurai, a self-service mobile advertising platform; Chooch AI in the field of artificial intelligence; Meddy in the field

of online doctor bookings; 123 in the field of online form and workflow services; Avatao as a cybersecurity training platform, Artboard Studio as an advertising/marketing design software, Triomobile in the Internet of Things, Fazla Gıda in food and Metrobi in B2B logistics. The investment that the Bank has committed to the 212 Regional Fund II has been taken over by the TKYB Capital Fund, formed under the TKF umbrella fund, on January 1, 2022.





EVALUATION OF ACTIVITIES CARRIED OUT IN 2021 AND TARGETS FOR 2022

The Development and Investment Bank provided advisory services for eight M&A transactions in 2021. The total project value of these eight transactions equaled TL 3.4 billion.

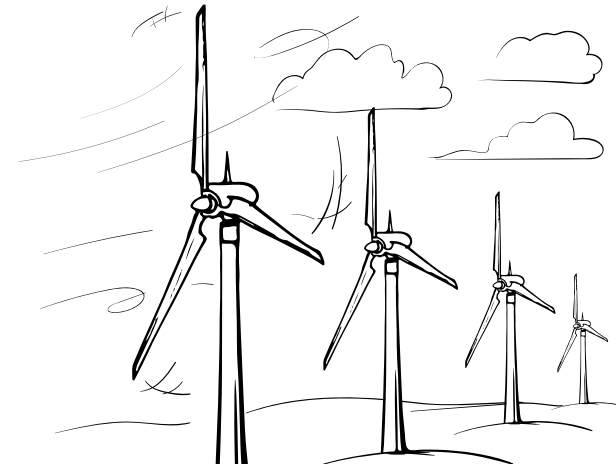
INVESTMENT BANKING

Setting an eye on sustainable development goals, the Development and Investment Bank blazed another trail in the field of investment banking and sustainable finance: It issued Turkey's first social sukuk.

Capital Markets, M&A and Financial Advisory services are provided under Investment Banking.

As for Capital Markets Advisory activities, advisory services are provided to companies on the issuance of share certificates, borrowing instruments, lease certificates, and other capital market instruments, while serving as an intermediary in creating additional funds. Such transactions contribute to companies in terms of institutionalization and transparency. Furthermore, they enjoy higher recognition in capital markets through these methods and have easier access to various funding alternatives.

Among the alternative financing methods based on borrowing, Sukuk issuances have gained further prominence in addition to the issuance of bonds and bills, which are commonly utilized in Turkey's capital markets. In all Sukuk issuances, the Bank's comprehensive advisory services include companies' decision-making processes, coordination, management of sub-advisors, filing of all regulatory authority applications, monitoring of marketing and sales activities, and completion of the issuance.



The Bank pursued its goal of raising more funds for the real economy and money markets via more effective use of capital market instruments. Accordingly, it conducted the following in 2021:

- With the Bank acting as the beneficiary, Turkey's first social sukuk was issued with a value of TL 50 million.
- It was among the leading intermediary institutions in the IPOs of Kızılbük Gayrimenkul Yatırım Ortaklığı A.Ş. with an issuance worth TL 948 million and Aydem Yenilenebilir Enerji A.Ş. with an issuance worth TL 1.29 billion.
- Advisory services were delivered for Tarım Kredi Holding A.Ş.'s bond issuance of TL 65.8 million with a term of 175 days.
- Advisory services were delivered for the issuance of Turkey's first bond for transition to low carbon economy (Transition Bond) of TL 200 million with a maturity of two years aimed at financing the infrastructure investments of Palgaz Doğalgaz Dağıtım A.Ş.

- Advisory services were delivered for the establishment, operating permit, and structuring processes of Kalkınma Girişim Sermayesi Portföy Yönetim A.Ş.

The Capital Markets Advisory Unit continues projects on public offerings, lease certificates (Sukuk), and other borrowing instruments for clients in different industries.

As for M&A Advisory Services, the Bank successfully finalized advisory services for clients in the public and private sectors in 2021. Regardless of the sector and the size of the company, the Bank aims to create added value in mergers and acquisitions for public institutions and private sector companies in various industries. In addition to its private sector clients, the Bank provides financial advisory services in the sales of companies and assets within the portfolios of the Privatization Administration under the Turkish Ministry of Treasury and Finance and the Turkish Wealth Fund.



In 2021, the Development and Investment Bank drew up valuation and due diligence reports for enterprises operating in the energy and food sectors. These reports served as a guiding light for investors to reach their goals.

In 2022, the Development and Investment Bank will continue advisory services in financial feasibility preparedness and company valuation for the new investments of its clients in line with their growth strategies.

In 2021, the Bank assumed roles in seven privatization tenders run by the Privatization Administration. One of the two advisory services tenders initiated by the Administration in 2020 was related to the privatization of some cargo ports and marinas owned Türkiye Denizcilik İşletmeleri A.Ş. (Turkish Maritime Organization-TDI). Handover procedures of the Taşucu Port and the Property in its Hinterland within the scope of this project have been completed. Another project run by the Privatization Administration where the Bank provides advisory services is related to the privatization of 14 power generation plants owned by Elektrik Üretim A.Ş (Electricity Generation Company). Handover of four out of seven power plants have been completed, while the tenders for two power plants have been finalized technically. Once the handover procedures under all seven privatization tenders are completed, the Privatization Administration will generate 2 billion 714 million in privatization revenues as part of these two projects where the Bank was involved.

At the end of 2021, deals were signed regarding the sale of a private sector company operating in the field of renewables with

facilities offering the potential for 55 MW of installed capacity which will be subject to the Renewable Energy Resources Support Mechanism (YEKDEM). Handover procedures are planned for completion in the first quarter of 2022.

The Development and Investment Bank provided advisory services for eight M&A transactions in 2021. The total project value of these eight transactions equaled TL 3.4 billion.

In 2022, the Bank will continue advisory services in TWF's service procurement process for licenses to organize horse races and accept bets for horse races held in and outside Turkey.

The Bank's M&A advisory team has been mandated under various projects by private sector companies and public enterprises operating in numerous industries such as energy, technology, automotive, food, chemistry, agriculture, and manufacturing in addition to their work in privatization projects. Efforts are ongoing to successfully finalize these projects.

Within the scope of Financial Advisory, the Bank provides "financial restructuring," "financial feasibility," "valuation and modeling" and "structured and project finance" advisory services to its clients, and thus stands by companies and investors alike.

Within the scope of financial restructuring, the Bank prepares independent financial feasibility reports for firms facing repayment difficulties and lenders, while advisory services are provided for the restructuring of debts of the firms as per foreseeable amortization plans. In 2021, the Bank was

engaged in the restructuring of the financial debts of a group operating in the casting industry based on a long-term repayment plan, helping the transaction to be signed off with success.

Company valuation and financial feasibility advisory are provided to public and private enterprises without regard to their sector. In 2021, the Bank drew up valuation and due diligence reports for enterprises operating in the energy and food sectors. These reports served as a guiding light for investors to reach their strategic goals. In 2022, the Bank will continue advisory services in financial feasibility preparedness and company valuation for the new investments of its clients in line with their growth strategies.

The Development and Investment Bank provided advisory services for eight M&A transactions worth TL 3.4 billion in 2021.



EVALUATION OF ACTIVITIES CARRIED OUT IN 2021 AND TARGETS FOR 2022

TREASURY AND CAPITAL MARKET TRANSACTIONS

Total financial assets managed by the Treasury Unit amounted to TL 11.2 billion as of the year-end of 2021.

COVID-19 was the most important issue that had an impact on financial markets in 2021. Due to the pandemic, many economies around the world shrank in 2020, while growth figures delivered a positive uptick in 2021. However, central banks' ongoing quantitative easing policies and rising commodity prices linked with energy supply bottlenecks made inflation a major problem across the globe. Turkey's Central Bank hiked the policy rate to 19% from 17% in early 2021, then gradually cut it down to 14%. Similar to global markets, inflation rose significantly in Turkey. End-of-year inflation rose to 36.08%.

Market developments in 2021 were closely monitored by the Bank, which effectively managed interest rate, foreign currency, and liquidity risks. TL and foreign currency holdings were handled according to the limits and policies. In 2022, existing Capital and Money Markets instruments will be utilized in the management of our Bank's liquidity, and clients will be offered the chance to perform derivatives transactions as per their needs.

The amounts and composition of the financial assets managed by the Bank's Treasury Department are given in the table below. Total financial assets managed by the Treasury Unit amounted to TL 11.2 billion as of the year-end of 2021.

Financial Assets (TL Million)

	2020			2021		
	TL	FX	Total	TL	FX	Total
Cash Assets and CBRT	1.13	-	1.13	2.05	-	2.05
Banks	1,451.20	2,112.67	3,563.87	2,950.10	328.58	3,278.68
Receivables from Money Markets	1,500.74	-	1,500.74	993.28	-	993.28
Anticipated Loss Provisions (-)	- 9.18	-	- 9.18	- 6.39	-	- 6.39
Financial assets of which fair value differences are reflected onto other comprehensive income	-	-	-	-	-	-
Government Debt Securities	549.92	345.96	895.88	959.63	1,720.81	2,680.44
Other Financial Assets	10.11	44.56	54.67	10.00	1,225.78	1,235.78
Financial Assets Measured at Amortized Cost	-	-	-	-	-	-
Government Debt Securities	124.55	1,592.79	1,717.34	163.99	2,848.40	3,012.39

Financial Assets (%)

	2020			2021		
	TL	FX	Total	TL	FX	Total
Cash Assets and CBRT	0.03%	0.00%	0.01%	0.04%	0.00%	0.02%
Banks	39.99%	51.58%	46.14%	58.16%	5.37%	29.28%
Receivables from Money Markets	41.36%	0.00%	19.43%	19.58%	0.00%	8.87%
Anticipated Loss Provisions (-)	-0.25%	0.00%	-0.12%	-0.13%	0.00%	-0.06%
Securities Portfolio	18.87%	48.42%	34.54%	22.35%	94.63%	61.88%



As of the end of 2021, TL assets rose by 40% year-on-year owing to the profit generated throughout the year.

Financial Assets (TL Million) (As Per Consolidated Data)

	2020			2021		
	TL	FX	Total	TL	FX	Total
Cash Assets and CBRT	1.13	-	1.13	2.05	-	2.05
Banks	1,451.25	2,112.67	3,563.92	2,950.10	328.58	3,278.68
Receivables from Money Markets	1,500.74	-	1,500.74	993.28	-	993.28
Anticipated Loss Provisions (-)	- 9.18	-	- 9.18	- 6.39	-	- 6.39
Financial assets of which fair value differences are reflected onto other comprehensive income	-	-	-	-	-	-
Government Debt Securities	549.92	345.96	895.88	959.63	1,720.81	2,680.44
Other Financial Assets	10.11	44.56	54.67	10.00	1,225.78	1,235.78
Financial Assets Measured at Amortized Cost	-	-	-	-	-	-
Government Debt Securities	124.55	1,592.79	1,717.34	163.99	2,848.40	3,012.39

Management of TL Assets

TL assets managed by the Treasury Unit were invested in the most appropriate ideal financial instruments by taking applicable laws into account and considering the changes in their yield curves and prospects on interest levels throughout the year. Accordingly, the Bank also tapped into the opportunity for returns in the swap markets. In securities markets, a similar approach was adopted and preferences were made between variable- and fixed-income securities as per the changes in their yield curves and prospects on interest levels throughout the year. High levels of return were attained within the framework of the risk policies determined.

The TL assets of the Development and Investment Bank constitute approximately

45% financial assets of the Bank as seen in the end-of-year outlook. They were mainly utilized through placements in money markets (BIST Repo-Reverse Repo Market, Interbank Money Market) and a TL-denominated securities portfolio.

As of the end of 2021, the distribution of TL assets in the portfolio was shaped daily by market return levels, liquidity preferences, and the approach towards compliance with risk limits.

As of the end of 2021, TL assets rose by 40% year-on-year owing to the profit generated throughout the year.

Management of FX assets

The Bank acted in compliance with risk management principles in 2021 to address

volatilities in exchange rates while keeping the FX position near zero and protecting the income statement against such volatilities. In addition, the domestic FX swap market was effectively used for liquidity management and generating returns.

FX-denominated securities constituted some 95% of FX assets. Return levels and market expectations were taken into account in expanding the FX securities portfolio and reducing short-term placements.

As of the end of 2021, the year-on-year 50% hike in FX assets on a TL basis is caused by FX developments, as well as the returns on securities and placements that were experienced throughout the year.



SUBSIDIARIES

The Development and Investment Bank raised the issued capital of Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. -- a wholly-owned subsidiary -- by TL 1,200,000 from TL 1,800,000 to TL 3,000,000.

Development and Investment Bank of Turkey Domestic Subsidiaries

Name of the Subsidiary	Registered - Issued Capital	The Bank's Participation Rate	The Bank's Participation Share
Arıcak Turizm ve Ticaret A.Ş.	TL 1,250,000.00	99.71%	TL 1,246,400.00
T.H. Kalkınma Yatırım Menkul Değerler A.Ş.	TL 5,000,000.00	100%	TL 5,000,000.00
MAKSAN Malatya Makina A.Ş.	TL 1,525,200.00	31.14%	TL 474,956.18
Takasbank İstanbul Takas ve Saklama Bankası A.Ş.	TL 600,000,000.00	0.36%	TL 2,179,154.07
JCR Avrasya Derecelendirme A.Ş.	TL 1,000,000.00	2.86%	TL 28,559.00
Birleşik İpotek Finansmanı A.Ş.	TL 50,000,000.00	8.33%	TL 4,166,665.00
Kalkınma Yatırım Varlık Kiralama A.Ş.	TL 50,000.00	100%	TL 50,000.00
Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	TL 3,000,000.00	100%	TL 3,000,000.00

Development and Investment Bank of Turkey Overseas Subsidiaries

Name of the Subsidiary	Registered - Issued Capital	The Bank's Participation Rate	The Bank's Participation Share
TII-iVCi İstanbul Venture Capital Initiative	69,710,478.816 €	6.25%	€ 4,356,904.926

Under Article 49 of the Banking Law, the subsidiaries over which the Bank has direct control are Kalkınma Yatırım Menkul Değerler A.Ş. (KYMD A.Ş.), which is in the process of liquidation, Arıcak Turizm ve Ticaret A.Ş., Kalkınma Yatırım Varlık Kiralama A.Ş., and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.

The Development and Investment Bank raised the issued capital of Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. -- a wholly-owned subsidiary -- by TL 1,200,000 from TL 1,800,000 to TL 3,000,000.

On December 15, 2021, the liquidation of Türk Suudi Yatırım Holding A.Ş., with an issued capital of TL 5,400,000 where the Bank has 24.69% stake in the capital, was completed and the company was erased from the trade registry with the Turkish Trade Registry Gazette dated December 22, 2021, with no. 10478. This ended the affiliation between the company and our Bank.

TII (Turkish Investment Initiative)-iVCi İstanbul Venture Capital Initiative

The Istanbul Venture Capital Initiative (iVCi) – or with its new name the Turkish Investment Initiative (TII) – and its two sub-funds were established in Luxembourg under the leadership of the European Investment Fund (EIF) of which the European Investment Bank and European Commission are shareholders and which is subject to the legislation of Luxembourg. In 2007, the Development and Investment Bank of Turkey committed to investing in the Initiative, which currently consists of two sub-funds.

Istanbul Venture Capital Initiative (iVCi), the first sub-fund of TII, has a total capital of EUR 160 million. The partners in iVCi are the

European Investment Fund (EUR 50 million), the Technology Development Foundation of Turkey (EUR 40 million), KOSGEB (EUR 50 million), the Development and Investment Bank of Turkey (EUR 10 million), Garanti Bank (EUR 5 million), and the National Bank of Greece Group (EUR 5 million).

The Development and Investment Bank of Turkey is represented at the Board of Directors of the Turkish Investment Initiative (TII), a fund of funds (FOF), which was established to support selected Turkish venture capital funds, and whose end beneficiaries are companies in Turkey.

The total size of the funds in iVCi's portfolio of investments in different ratios is approximately EUR 1.7 billion. And through these funds, investments were made in 79 companies in different sectors. As of 2021, in addition to a co-investment fund, TII- iVCi invested in nine sub-funds.

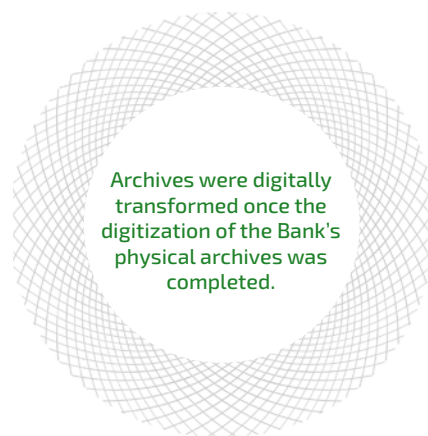
With the Material Event Disclosure made by the Development Investment Bank on March 19, 2013; due to Turkey Accounting Standards the consolidated financial statements in accordance with the provisions relating to the organization of the absence of subsidiaries subject to consolidation by the Bank in December 2012 accounting period for the subsequent periods for the consolidated financial statements will not be organized, consolidated second Exceptions in case of financial statements arrangements obligation Statement was reported to be held.

Due to the establishment of Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. in 2020, both of which will be fully owned by the Bank, a consolidated financial statement started to be prepared by the Bank, the first of which belonged to the fiscal period of December 2020.



INFORMATION TECHNOLOGIES

The Development and Investment Bank continued digital transformation efforts with the private cloud project launched in 2021. The private cloud will be used for the first time in the sector and come with numerous benefits such as cost-effectiveness, operational efficiency, scalability, and high accessibility.



Digital transformation changes all industries with banking not an exception. All processes and products are moved to the digital environment more intensively, while rapid access to services and life-facilitating quick solutions shape customer expectations. After the COVID-19 pandemic started in 2020, this change has gained further speed.

The Development and Investment Bank continued digital transformation efforts with the private cloud project launched in 2021. In March 2020, BRSA released a new IT systems regulation the relevant provisions of which entered into force in early 2021. The regulation allows banks to use private clouds and community clouds subject to certain terms. Currently undergoing a period of technology renewals, the Bank has tapped into this key change in regulation and promptly started working on cloud-based design activities for its new IT systems architecture.

As a trailblazer in the industry, the private cloud comes with numerous benefits such as cost-effectiveness, operational efficiency, scalability, high accessibility, and most importantly a central position in terms of global technology trends. Risks linked with

this extensive transformation are managed by the Bank that adopts a holistic approach and involves the effective participation of non-IT stakeholders. Intensive efforts were delivered for this project during 2021, with many milestones already completed and hardware installation activities underway.

During the reporting period, the pandemic was still a major theme that shaped the IT activities of the Bank. All services, including payments systems, ran seamlessly on the virtual private network with backup capabilities that is used as the basis of the remote working infrastructure. To fight the new broad space of attacks enabled by VPN access, the multi-factor authentication mechanism was expanded to include remote access, firewalls and e-mail gateways.

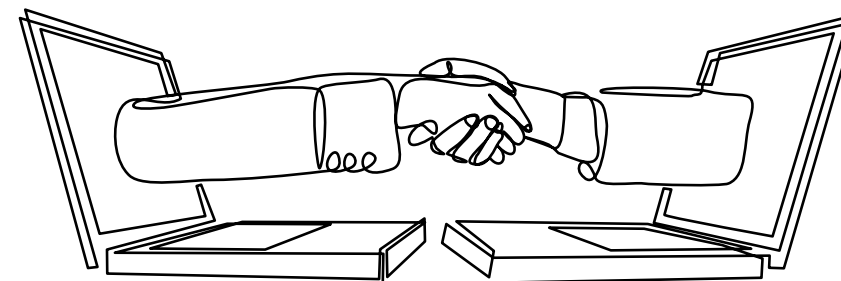
As security threats spread and mount around the globe, the Bank has maintained its security-driven approach in information technologies. New security solutions were implemented in 2021 once the law was updated in parallel with threats. Disk encryption solution was deployed to ensure the security of the data on devices, while log-in management enabled the Bank to manage the number and types of concurrent user sessions.

Another important step in digital transformation was the completion of the digitization of the Bank's physical archives. Physical documents, with millions of pages, were classified, moved to the digital environment, and documents deemed fit for disposal were sent to recycling. A paperless office is a goal the Bank pursues in its digital archive system management efforts.

The Bank continued to roll out open source systems as they come with many benefits including lower costs, less reliance on suppliers, integrated management, and high quality. Automation was ensured with open source systems in key components such as monitoring, reporting, visualization, project, change, and inventory management features of the IT platform.

All IT elements must be up-to-date, secure, and efficient. With this principle in mind, the Bank channeled efforts towards version upgrades in 2021. Virtualization platform, core switches, firewalls, anti-virus systems, web application platforms, office apps, and operating systems were upgraded to new, stable versions.

In 2022, new security solutions will be implemented. Segmentation firewall and load balancer solutions will be deployed. High accessibility will be attained once existing IPs of the Bank are replaced with operator-independent RIPE IPs.





INFORMATION TECHNOLOGIES

The Development and Investment Bank strives to establish corporate structures and processes focused on digitalization. Continuing with the extensive digital transformation process launched, the Bank has adapted itself to rapid changes in the industry.

The Development and Investment Bank will be a pioneer as a deployer of the private cloud during the ongoing race of digitalization in the industry.

New primary and secondary data centers will help the Bank improve and protect its existing disaster recovery infrastructure based on asynchronous replication. There are technologies whose technology lifecycles are ongoing such as the existing firewall and digital transformation systems which will be moved to the new center, while the server, storage, and network infrastructure considered as the backbone of the entire platform will be revamped fully.

The primary center holds the TIER IV certification, the highest level to be attained from Uptime Institute. The highest levels of accessibility, security, and resilience offered by the center are now certified. In 2022, the Bank's IT infrastructure will be revamped and brought to optimum levels in terms of location, capacity, technological direction, architecture, and security. Having deployed the private cloud, the Bank will have a leading position in the ongoing race of digitalization in the industry.

In line with its principles of corporate architecture and to The Bank strives to achieve strategic objectives and conduct operations through a modular and functional infrastructure and organization. It launches projects in the fields of digitalization, quality, efficiency, and customer satisfaction all of which pursue continuous development.

With an agile software development approach, the Bank introduced online request collection and evaluation infrastructures to provide customers with domestic and international funds in a prompt, secure, and uninterrupted manner from the online channel; improved grant practices; launched the Internet Banking channel; installed API (Application Program Interface) integrations

with numerous third parties; and achieved end-to-end process automation.

The Bank continued with works to develop a new modular core banking application involving an open-source microservice structure that will help business processes to run on IT platforms end to end -- in full integration and with minimum possible intervention. The customer relations management (CRM) app was developed to manage our relations with existing customers most effectively and efficiently and boost customer satisfaction. The focus was placed on establishing a customer-oriented business culture by optimizing potential customers.

The Bank's business intelligence and reporting apps have been revamped; a central reporting system was introduced that is fed by all data sources. Interactive and dynamic decision-making support reports have been increased by 87% in 2021. This resulted in effective monitoring and reporting, while efforts were run to create a data warehouse to improve data quality.

Processes were increased on the Incident, Problem, and Service Management System. This enabled all units to manage requests on digital channels. Integrations were made with the supplier call systems, paving the way for automation and SLA-based measurements in call management processes.

Robotic Process Automation (RPA) activities were conducted. This helped re-channel employees' efforts to added value tasks rather than repetitive, manual work while allowing for error-free, seamless and effective processes. The Service Management System and RPA integration has been set to create an automatic call analysis infrastructure.

Operational efficiency and effectiveness were attained.

As for secure app development, implementation of OWASP standards continued; Testing Process Automation efforts were carried out. Testing steps of the app development lifecycle were automated. Savings on resources, efficiency, and improved quality in testing and quality processes were achieved.

Efforts were undertaken to ensure compliance with the BRSA regulation on the "Information Systems of Banks and Electronic Banking." Legal adjustments required were made.

DevOps processes and ITSM infrastructure were developed based on continuous development and installation; IT processes were digitized and made effective, efficient, and traceable.

The Development and Investment Bank of Turkey will speed up digital transformation in 2022 while offering innovative services via mobile and online channels.

In 2022, the Bank will follow regulations on digital merchant/corporate customer acquisition. Works will be performed to establish the infrastructure required, and digitalization and process automation will continue.

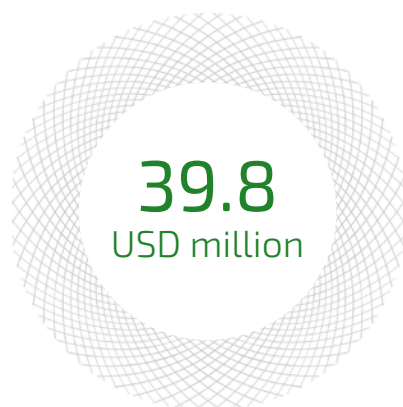
With Kubernetes running core banking applications, activities related to a scalable, high-performance, flexible, secure, and low-cost container architecture will also continue.

The Bank will intensify efforts on open source, open banking, and cloud computing; broaden the microservice architecture; tap into AI-driven systems and robotic process automation; boost efficiency and effectiveness in corporate processes, and offer innovative solutions.



TECHNICAL ASSISTANCE, RESEARCH AND DEVELOPMENT ACTIVITIES

USD 39.8 million in funds were obtained from the World Bank. The Bank currently runs a grant program under the Geothermal Development Project to use these funds in facilitating private sector investments in geothermal energy.



The amount of the grant project obtained from the Clean Technology Fund (CTF) via the World Bank

Geothermal Development Project Risk Sharing Mechanism (RSM)

USD 39.8 million in funds were obtained from the Clean Technology Fund (CTF) via the World Bank. The Bank currently runs a grant program under the Geothermal Development Project to use these funds in facilitating private sector investments in geothermal energy. The project is aimed at partially covering the costs incurred by the geothermal investors if their drilling activities to locate resources fail.

Three deals were signed under the first round of the Risk Sharing Mechanism, drilling activities were carried out on-site as part of two deals that had been executed.

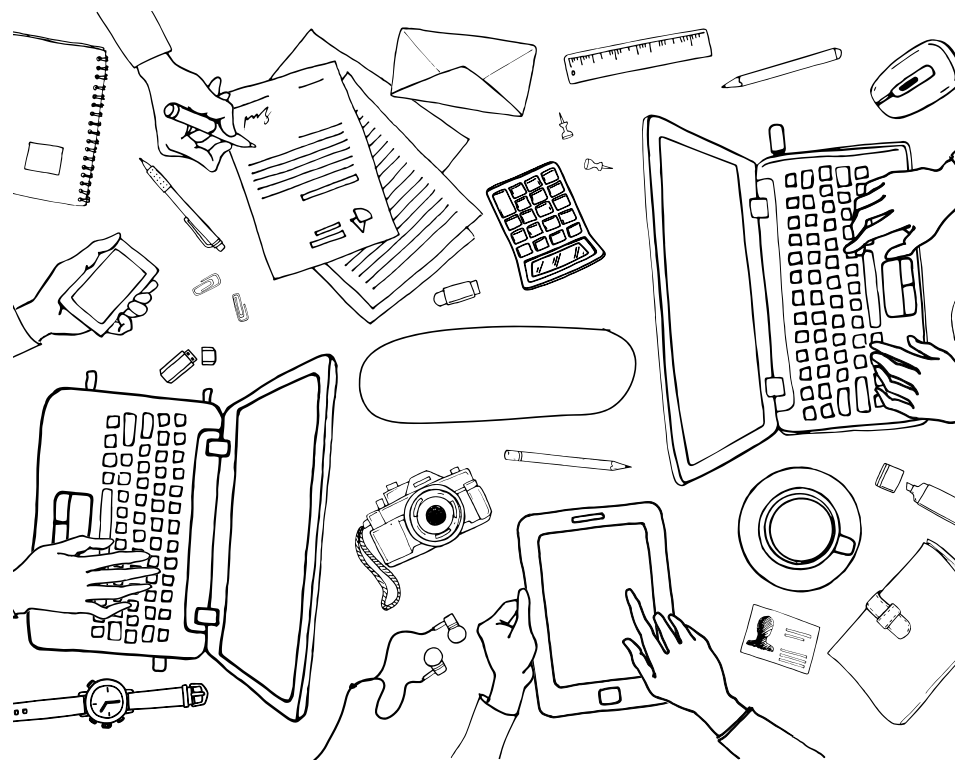
As for the second round of RSM, 14 geothermal development project applications were filed and assessments completed. The plan is to start negotiations with the two highest-scoring projects in 2022.

Georisk Project

The Georisk project was commenced to establish, develop and disseminate geothermal risk-sharing mechanisms across the European countries. Activities will be also undertaken to implement risk-sharing systems in countries other than Europe. The Development and Investment Bank was included in the project, involving 15 institutions from various European countries, as the implementer of the RSM project.

The Bank attended web meetings organized monthly with the participation of all institutions involved in the project. Energy/renewable energy/geothermal energy

matters, as well as applicable laws and regulations for each participant country, were consolidated and an evaluation report prepared. Moreover, a Capacity-Building Report, which was part of the work package within the Bank's realm, was drawn up in September 2021. Technical and financial final reports were drawn up and presented to the project coordination office. This concluded the project on September 30, 2021.





DECLARATION OF RESPONSIBILITY OF THE ANNUAL REPORT

The 2021 Consolidated Annual Report of the Bank, which includes Unconsolidated Financial Statements for December 31, 2021, with Independent Auditor's Report and was prepared in accordance with the Banking Regulation and Supervision Agency (BRSA)'s "Regulation on the Principles and Procedures Concerning the Preparation and Publication of the Annual Report by Banks" and the Capital Markets Board's "Communiqué (II-14.1) on the "Financial Reporting Standards in Capital Markets" and examined in the framework of the information we have concerning our duties and responsibilities at the Bank, does not include any misstatements or any shortcomings on major issues, and fairly and correctly reflects the Bank's financial position and results of operations, together with the risks and uncertainties it is exposed to.

Pursuant to the decision of the Capital Markets Board dated January 10, 2019 No. 2/49; the Corporate Governance Compliance Reporting to be prepared in accordance with the Corporate Governance Communiqué No. II-17.1 must be made using the Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (KYBF) through the KAP (Public Disclosure Platform). URF and KYBF Reports for 2021 were examined in light of the information we have on the duties and responsibilities at the Bank and do not contain a false or missing statement on material matters. The relevant reports can be accessed at <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2426-turkiye-kalkinma-ve-yatirim-bankasi-a-s>

Dr. Raci Kaya
Chairman of the
Board of Directors

İbrahim H. Öztop
CEO and Board
Member

Turgay Geçer
Chairman of the Audit
Committee

Erdal Erdem
Deputy Chairman of
the Audit Committee

Abdullah Bayazıt
Member of the Audit
Committee

Satı Balcı
Executive Vice
President in charge of
Financial Reporting

Metin Çınar
Subsidiaries and Corporate
Relations, Head of
Department



ANNUAL REPORT COMPLIANCE OPINION



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INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTOR'S ANNUAL REPORT

To the General Assembly of the Development and Investment Bank of Turkey,

Opinion

We have audited the complete set of consolidated and unconsolidated financial statements including the annual report for this accounting period of the Türkiye Kalkınma ve Yatırım Bankası A.Ş. ("the Bank") for the period between January 1, 2021, and December 31, 2021.

In our opinion, the unconsolidated financial information included in the Board of Directors' annual report, and the Board of Directors' evaluation of the Bank's current position based on the information contained in the audited unconsolidated financial statements are consistent, in all material respects, with the complete set of unconsolidated audited financial statements and our findings during the independent audit, and provide a fair presentation.

Grounds for Opinion

We conducted our independent audit in accordance with the "Regulation on Independent Audits on Banks" ("BRSA Audit Regulation") published by the Banking Regulation and Supervision Agency ("BRSA") in the Official Gazette dated April 2, 2015, numbered 29314, and the Independent Auditing Standards ("IAS"), which is a component of the Turkish Auditing Standards published by the Public Oversight, Accounting, and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the "Independent Auditor's Responsibilities for the Independent Audit of the Annual Report" section of our report. We hereby declare that we are independent of the Bank in accordance with the Code of Ethics (incl. Independence Standards) for Independent Auditors (Code of Ethics) published by POA, and the ethical requirements of independent audit legislation. We have also fulfilled our other ethical responsibilities in accordance with the Code of Ethics and applicable legislation. We believe that the independent audit evidence we have obtained is sufficient and appropriate to provide a basis for our independent audit opinion.

Auditor's Opinion on the Complete Set of Unconsolidated Financial Statements

We expressed an unqualified opinion on the Bank's complete set of consolidated and unconsolidated financial statements for the reporting period January 1, 2021 - December 31, 2021, in our audit report dated February 8, 2022.

Board of Directors' Responsibility for the Annual Report

Pursuant to Articles 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and the "Regulation on the Principles and Procedures Concerning the Preparation and Publishing of Annual Reports by Banks" (the "Regulation") published in the Official Gazette No. 26333 dated November 1, 2006, the Board of Directors' responsibilities for the annual report include the following:

- To prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- Ensure that the annual report represents the Bank's consolidated and unconsolidated financial position accurately, fully, clearly, and fairly in all aspects of the Bank's activities in the current year. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. Additionally, the report clearly indicates the Bank's progress and risk exposure. The Board of Directors' evaluation of such matters is also included in the report.
- The annual report also includes the following matters:
 - Important events after the reporting period,
 - The Bank's research and development activities,
 - Compensation including salaries and bonuses paid to Board Members and Senior Managers; and other benefits such as allowances, travel, accommodation and representation expenses, cash and in-kind benefits, insurances, etc.

The Board of Directors takes into consideration the regulations, circulars, and communiqués (secondary legislation) issued by the Ministry of Trade, and other relevant authorities when preparing the annual report.

Independent Auditor's Responsibilities for the Independent Audit of the Annual Report

Under the provisions of TCC and the Regulation, our responsibility is to express an opinion on whether the unconsolidated financial information included in the annual report, and the Board of Directors' evaluation of the Bank's position carried out using the information contained in the audited unconsolidated financial statements are consistent with the audited unconsolidated financial statements and our findings during the independent audit and provide a fair presentation, and to prepare a report including our opinion.

We conducted our independent audit in accordance with the BRSA Audit Regulation, and the Independent Auditing Standards (IAS). Those standards require that we comply with ethical provisions and plan and perform the independent audit to obtain reasonable assurance about whether the consolidated and unconsolidated financial information included in the annual report and the Board of Directors' evaluation of the Bank's financial position based on the information contained in the audited consolidated and unconsolidated financial statements are consistent with the consolidated and unconsolidated financial statements and audit findings, and provide a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



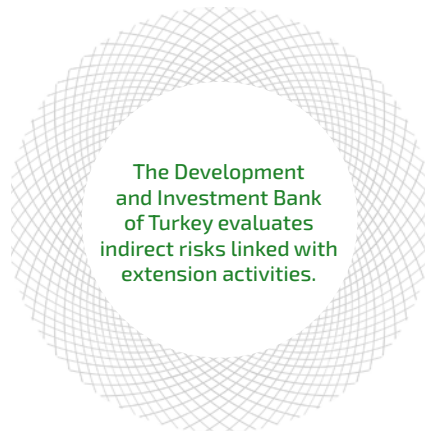
Orhan Aksoz,
Independent Accountant and Financial Advisor
Partner

February 24, 2022
Istanbul, Turkey



SUSTAINABILITY AND ENVIRONMENTAL SOCIAL IMPACT MANAGEMENT ACTIVITIES

Taking on a supportive role for sustainable development and adopting a responsible banking approach, the Development and Investment Bank provides direct and indirect contributions to 15 Sustainable Development Goals set by the United Nations.



Since its founding, the Development and Investment Bank has supported Turkey's sustainable development and set objectives aimed at furthering its contributions in this direction.

The Bank shapes sustainability mindset on two strategic pillars: "Supportive Role for Sustainable Development" and "Responsible Banking Approach". As the Bank provides support to Turkey's sustainable development via the finance and consulting activities conducted, it works in alignment with the responsible banking approach and considers sustainability a corporate responsibility and objective. It is with this thinking that the Bank integrated sustainability strategy into all banking operations.

Matters related to sustainability and sustainable development are upheld at the level of senior management, who spearhead efforts in this area. The Sustainability Committee formed in 2020 is chaired by the CEO, while an independent Board Member serves as a member at the committee for the more effective performance of guidance and oversight functions.



Taking Sustainable Development Goals, which was set by the United Nations in 2015 with 17 specific goals, as a guide, the Bank assumes a role to support sustainable development, conducts responsible banking, and provides a direct and indirect contribution to 15 of these goals.

The Bank used to run sustainability and environmental social risk management activities at different functions. In July 2021, it adopted a business model to boost efficiency in line with the participation banking mission. To introduce a separate and unique structure, the Sustainability and Environmental Social Impact Management Unit took the role of tackling these matters. Environmental, social and governance elements now have a dynamic and efficient role thanks to the new organizational layout.

The Bank released its first Integrated Report in 2021. With this report, the Bank has informed all stakeholders on its contribution to Turkey's sustainable development for 47 years, the economic, environmental, and social value it generates through banking operations, value-creation model, strategy, capital items, goals, and the performance it delivers in these areas. In addition to the standards of Global Reporting Initiative (GRI), the International Integrated Reporting Framework - run by the Value Reporting Foundation - has been taken as a basis.

The Bank takes measures to manage direct environmental and social risks originating from its operations and assesses indirect risks that emerge during its lending activities. Conducting environmental and social risk assessments as part of routine decision-making processes in all lending activities, the Bank analyzes the risks of customers and



The Development and Investment Bank released its first integrated report in 2021 whereby it updated stakeholders on the support delivered to Turkey's sustainable development, value creation model, strategy, capital items, targets, and its performance in these areas.

projects separately. While it acts on a risk-based approach, activities, whereby the Bank can deliver a positive impact, are prioritized.

These analyses are aimed at minimizing the exposure with regards to the loan, reputational, environmental, and social liability risks arising from the loans extended and thus are critical for the Bank. Within this framework, all lending activities are evaluated as per national, environmental, and social laws and regulations, the Bank's internal policies and procedures, and other environmental and social standards the Bank has committed itself to if and when necessary. Once this approach was approved by the Board, the Environmental and Social Policy, as well as the Environmental and Social Risk Assessment Procedure in Lending was published in 2020.

The Bank went on to conduct efforts to raise employees' sustainability awareness in 2021. It also delivered 575 hours of training to 314 employees.

Having established the ISO 14001 Environmental Management System in 2010 to manage the environmental impact of its operations, the Bank undertakes necessary works to identify and minimize the adverse impact of its operations on the environment, to drive positive environmental impact, to reduce the use of resources as well as to monitor its environmental performance.

To expand the scope of the management system, the Bank initiated in 2020 necessary works to adopt the integrated management system that incorporates the ISO 9001 Quality Management System, 45001 Occupational Health and Safety Management System, and the ISO 14001 Environmental Management System. ISO 9001 and ISO 45001 certifications have been obtained in 2021. In parallel with these efforts, the Bank has developed its Quality, Environment, and Occupational Health and Safety Policy and communicated it to stakeholders.

In 2020, a new memorial forest was opened in Istanbul, in addition to two forests in Ankara. With three memorial forests, the Bank prevents some 435 tons of CO₂ emissions per annum with 20 thousand trees.

The Bank monitors and calculates the greenhouse gas emissions caused by its operational activities, has them validated under the TS EN ISO 14064 Standard, and neutralizes these emissions in line with international standards.

Since 2016, the Bank has reported to the Climate Change Program of Carbon Disclosure Project (CDP), the world's largest environmental reporting platform, and ranked among the best-performing institutions in the finance industry, scoring B in 2021. Risks and opportunities linked with climate change are assessed by the Bank in this report, while questions on strategy, governance, emission metrics, goals, performance, and value chain interaction are answered voluntarily.

Partnering with domestic and international actors, the Bank takes part in sustainability efforts at the national and global levels. A founding signatory of the UNEP FI Responsible Banking Principles in 2019, it continued efforts to meet the requirements under those principles in 2021. It also attends UNEP FI's working groups.

SDG matching work to measure the extent to which the Bank's loan portfolio cross-cuts sustainable development goals was completed in 2021 and made an integral part of loan evaluation processes.





MEMBERSHIPS AND COOPERATIONS

Shining out with its support for sustainable development and its sustainable banking mindset, the Development and Investment Bank has been the first and only institution from Turkey to sign the Operational Principles for Impact Management by the International Finance Corporation (IFC) in 2021.

Upon transition to integrated reporting, the Development and Investment Bank of Turkey has become a member of the Integrated Reporting Turkey Network (ERTA) in 2021.

The Bank became the first and only institution from Turkey to sign the Operational Principles for Impact Management pioneered by the International Finance Corporation (IFC) in 2021. The Bank considers impact management systems as a reference point that can be continuously improved internationally and set an example for best practices. The Bank will partner with global and domestic actors to make impact investments in companies, organizations, and funds to deliver financial, social, and environmental gains.

It joined the Global Impact Investing Network (GIIN), a leading organization conducting activities to ensure widespread adoption of impact investing. As a member of the GIIN, it aims to bring financial, social, and environmental benefits through impact investments in companies, organizations, and funds.

The Bank is a founding signatory of the "Principles of Responsible Banking" established by the United Nations Environment Programme Finance Initiative (UNEP FI) in 2019. Partnering with domestic and international players, the Bank takes part in sustainability efforts at the national and global levels and continues efforts to meet the requirements under those principles in 2021. The Bank also attends UNEP FI's working groups.

The Bank is a signatory of the UN Global Compact. In 2021, it has handled UN Global Compact Progress Communication online.

The Development and Investment Bank is a member of the Business Council for Sustainable Development Turkey (BCSD Turkey), the regional network and business partner of the World Business Council for Sustainable Development (WBCSD).

Upon transition to integrated reporting, the Bank has become a member of the Integrated Reporting Turkey Network (ERTA) in 2021.



BOARD OF DIRECTORS



Dr. Raci Kaya

Chairman of the Board of Directors

Born in Ankara in 1967. Dr. Kaya graduated from the Department of Public Administration, Faculty of Economics and Administrative Sciences at Middle East Technical University in 1989, followed by an MA degree at Hacettepe University on Economics offered by the Faculty of Economics and Administrative Sciences in 1996. Later, he completed his Ph.D. studies at the Banking and Insurance Institute of Marmara University in 2013. Dr. Kaya worked at several banks from 1990 to 2007. He served as Deputy CEO at Aktif Yatırım Bankası A.Ş. between 2007 and 2014; Deputy CEO at Ziraat Katılım Bankası A.Ş. between 2015 and 2016; and Acting Deputy Undersecretary and Deputy Undersecretary at the Ministry of Treasury and Finance between 2016 and 2018. He took office as the Chairman of the Board at VakıfBank in 2018-2019, as Board Member at Eximbank in 2016- 2018, and as Executive Director of IMF between November 2018 and November 2020. A Deputy Undersecretary at the Ministry of Treasury and Finance since December 2016, Dr. Kaya was elected the Chairman of the Board at the Development and Investment Bank of Turkey in November 2020.



Dr. Hakan Ertürk

Deputy Chairman of the Board of Directors Member of the Remuneration Committee

Born in Ankara in 1977. Mr. Ertürk graduated from the Department of Economics, Faculty of Political Sciences, Ankara University in 2000, followed by successful completion of his MBA (Finance) studies at the University of Illinois, USA, in 2006-2008. Mr. Ertürk completed a doctorate program with his dissertation on venture capital at the Social Sciences Institute of Ankara University in 2018. He began his career at the Central Bank of the Republic of Turkey (CBRT) in September 2000. A short while after that, Mr. Ertürk started serving the Undersecretariat of Treasury in December 2000. From 2000 to 2007, he worked as Treasury Controller, and from 2007 to 2012 as an Internal Auditor. Mr. Ertürk was appointed Head of Department for Financial Instruments and Markets Development in 2012. He assumed the role of acting Chair of Financial Markets and Foreign Exchange from 2016 to 2019. At this post, he took on a key duty in introducing numerous new financial instruments to Turkey to guarantee access to finance. He was personally and effectively involved in the establishment of the legal infrastructure for retail participation capital system (angel investments), fund programs to support venture capital funds (venture capital and fund of funds), the Portfolio Guarantee System for the treasury-backed credit guarantees, the Guaranteed Transactions and Central Registry System, as well as the Development Fund of Turkey under the Development and Investment Bank of Turkey. He was also in charge of making adjustments to the foreign exchange regime, supervising such studies, and delivering efforts related to the financial stability committee at the same department. He had direct contributions to numerous regulations on financial markets during his term. He was a Board Member at the Development and Investment Bank of Turkey (2017-2018); Vice-Chair of the Board at the Development and Investment Bank of Turkey (2018-2020); and Deputy Director-General of the Central Finance and Tender Unit in charge of the EU Programs under the Undersecretariat of Treasury (2019-2021). As of 2021, Mr. Ertürk was appointed the Deputy Director-General of Financial Markets and Foreign Exchange under the Turkish Ministry of Treasury and Finance, and also currently acts as the Deputy Chairman of the Development and Investment Bank of Turkey.



İbrahim Halil Öztop

CEO and Board Member

Born in Şanlıurfa in 1969. Mr. Öztop graduated from the Industrial Engineering Department of the Middle East Technical University in 1991 and received a master's degree in Business Administration from Bilkent University.

He held senior positions at the investment banking divisions of Türkiye Sınai Kalkınma Bankası A.Ş., Körfezbank A.Ş. and Garanti Yatırım Menkul Kıymetler A.Ş.

Mr. Öztop was appointed a Board Member and CEO to the Development and Investment Bank of Turkey in August 2018. He is an Executive Board Member at KOSGEB (Small And Medium Enterprises Development Organization), and a Board Member at TII-Turkish Investment Initiative. Mr. Öztop was appointed as a Member of the Board of Directors at the Banks Association of Turkey in June 2020 and elected the Chairperson of the Turkish Capital Markets Association in October 2021. He is also the Deputy Chair of the Central Registry Agency as of February 2021.



Salim Can Karaşıklı

Independent Member of the Board of Directors Vice Chairman of the Corporate Governance Committee Chairman of the Remuneration Committee

Born in İzmit in 1965. He graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1989. Having served as CEO at the Toprak Faktoring and Toprak Leasing (1994-1999), CEO at the CBank (1999- 2004); and a Board Member at Bank Pozitif in charge of Risk Management and Internal Audit (2004-2006); Mr. Karaşıklı has been a Member of the Board of Directors at H. Bayraktar Yatırım Holding A.Ş., Ege Endüstri Holding A.Ş., Baylas Otomotiv A.Ş., Baytur Motorlu Vasıtalar A.Ş., Bayraktar Gayrimenkul Geliştirme A.Ş., Bayraktar Otomotiv ve Servis Hiz. A.Ş., Laskay Lastik Sanayi A.Ş., and Astra Yapı ve İşletmeciliği A.Ş.. He is also an Independent Board Member at Çemtaş Çelik Makina A.Ş. and Bursa Çimento Fabrikaları A.Ş. Since August 2018, he has been a Member of the Board of Directors at the Bank.



BOARD OF DIRECTORS



Turgay Geçer

Independent Member of the Board of Directors
Chairman of the Audit Committee

Born in Samsun in 1970. Mr. Geçer graduated from İstanbul University's Department of Business Administration in 1991. He obtained his MA and Ph.D. degrees from Marmara University, Institute of Banking and Insurance. From 1991 to 1997, he served as the Sub- Manager in the Project Management Department of Albaraka Türk, and as the Finance Coordinator at Orion Asia Group of Companies between 1997 and 2001. He worked as the Head of Risk Management at Family Finance Corporation (2001- 2005); and the Head of Risk Management Group at T.C. Ziraat Bankası A.Ş. (2005- 2007). From 2007 to 2009, Mr. Geçer was Deputy General Director, Board Member and Member of the Audit Committee at Aktif Yatırım Bankası A.Ş. He then took office as Project Manager and Advisor to the CEO at the İstanbul Metropolitan Municipality (Belbim A.Ş.) from 2011 to 2015. Working as an Assistant Professor at İstanbul Sabahattin Zaim University in 2010-2018, Dr. Turgay Geçer was appointed Member of the Board of Directors at the Bank in May 2019. He is also a Board Member at the Bank's fully owned subsidiary, Kalkınma Yatırım Varlık Kiralama A.Ş.



Abdullah Bayazıt

Independent Member of the Board of Directors
Member of the Audit Committee

Born in Kahramanmaraş in 1980. In 2005, he graduated from the Department of Economics, Faculty of Economics and Administrative Sciences at Hacettepe University. Mr. Bayazıt went on to study at Brandeis University in the US for an MA degree in International Economics and Finance. Currently, he continues his Ph.D. studies on economics at Yıldırım Beyazıt University. He began his professional career as a Junior Expert at the Promotion Directorate of the Ministry of Culture and Tourism in 2005. He then assumed titles of Junior Expert and Expert at the General Directorate for Public Finance under the Ministry of Treasury and Finance (2007-2017), and as the Head of Department at the same Ministry (2017- 2019). Since 2019, he has been Deputy Director-General of Public Finance at the Ministry of Treasury and Finance, and a Board Member at the Bank since July 2020. Bayazıt also serves Türkiye Petrolleri Anonim Ortaklığı (TPAO) as a Member of the Board of Directors.



Erdal Erdem

Independent Member of the Board of Directors
Chairman of the Corporate Governance Committee
Member of the Audit Committee

Born in Çankırı in 1971. He graduated from Afyon Kocatepe University's Department of Finance in 1993 and studied for an MA degree at Beykent University. Mr. Erdem began his professional life at Faisal Finance House where he worked from 1995 to 1996. In the participation banking industry, he took roles including Junior Marketing Expert, Project Marketing Group Director, Credit Service Director, Credit Follow-up, Legal Advisor, and Assistant General Manager for Credit Assessment between 1996 and 2011. He served as a Board Member and Credit Committee Member at T.C. Ziraat Bankası A.Ş. in 2012-2014, as Vice Chairman at Ziraat Leasing A.Ş., and as Board Member at Ziraat Bank Moscow. From 2014 to 2017, he assumed various roles including Marketing Assistant General Manager for Halkbank SME Banking, Assistant General Manager for Financial Management and Planning, and Acting Assistant General Manager for Human Resources and Quality Organization. In addition, he took office as Chairman of the Board at Halk Faktoring A.Ş. and as Board Member at Halk Bank Serbia. From 2017 to 2020, he was Assistant General Manager and General Manager at Şekerbank SME Banking. Since July 2020, he is a Board Member at the Development and Investment Bank of Turkey. As of February 2022, Mr. Erdem is the CEO of Kredi Garanti Fonu A.Ş.



THE COMPOSITION AND WORKING PRINCIPLES OF THE BOARD OF DIRECTORS OF THE DEVELOPMENT AND INVESTMENT BANK AND INFORMATION ON THE BOARD MEETINGS AND RESOLUTIONS IN 2021

Development and Investment Bank of Turkey's Board of Directors consists of seven members elected by the General Assembly. Members of the Board of Directors may be elected for a maximum term of office of three years by the General Assembly. In accordance with the Articles of Association, the Board of Directors convenes at least once every month with the majority of the total number of members and takes decisions with the majority of the members present at the meeting.

The decisions reached in the meetings are recorded in the minute book in accordance with the legislation, any and all dissenting votes are recorded in the minute book, along with their justification. Members of the Board of Directors do not have the right to veto. An Executive Liability Insurance with a limit of USD 3 million has been taken out for the Bank's executives, including the Members of the Board. The Private Secretariat and Board of Directors Office is responsible for the information and communication of the Chairman and members of the Board of Directors. The de facto participation of the

members in board meetings of the Bank is ensured by the Chairman. The agenda and date of the meeting are determined by the Chairman.

Members of the Bank's Board of Directors serve on more than one committee, in view of the obligation of independent members to be present in committees and the number of members of the Board. Development and Investment Bank of Turkey's Board of Directors convened 19 times in 2021 and passed a total of 255 resolutions, 24 of them Interim Decisions.

Notes:

Hakan Ertürk was elected Deputy Chairperson of the Board to replace Murat Zaman who resigned from this duty in October 2021.

As stated in the Capital Markets Board Communique No. II-17.1 on Corporate Governance, the Audit Committee Members and Salim Can Karaşıklı are considered Independent Members of the Board of Directors.

INTERNAL SYSTEMS DEPARTMENTS

Dr. Kaan Ramazan Çakalı Head of Internal Audit Group

Born in Istanbul in 1980. He graduated from the Department of Economics (English), Marmara University in 2002. Mr. Çakalı later obtained an MBA degree from Istanbul Technical University in 2003, followed by a Ph.D. in Business Management from Işık University in 2008. Mr. Çakalı began his professional life in 2002 as Assistant Inspector at the Department of Inspection Board of Finansbank. From 2002 to 2018, he assumed the titles of Assistant Inspector, Senior Assistant Inspector, Inspector, Senior Inspector, Manager, and Division Manager at Finansbank. From 2018 to 2019, he served as Division Manager at the Risk Management Department of the same bank. On May 27, 2019, Mr. Çakalı has been appointed Head of the Inspection Board at the Development and Investment Bank of Turkey.

Burhan Serhan Peker Internal Control and Compliance Manager

He was born in Ankara in 1983. He graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2006. In the same year, Mr. Peker began his career at T. Garanti Bank as Assistant Inspector and worked as

Inspector between 2010- 2014. Having worked as Internal Audit Manager at the Garanti Filo Yönetim Hizmetleri between 2015- 2016, Mr. Peker served as the Internal Audit Department Manager and Internal Control Manager at Garanti Yatırım Menkul Kıymetler between 2017-2018. Joining the Bank on February 14, 2019, he is currently working as the Internal Control and Compliance Manager.

Dr. Semra Pekkaya Head of Risk Management

Born in Polatlı-Ankara in 1969. She graduated from Ankara University, Faculty of Political Sciences, Department of Economics in 1989. Ms. Pekkaya received her master's degree in 1997 and PhD degree in 2005 from Gazi University Department of Economics. Beginning her career as an Assistant Specialist at the Development and Investment Bank of Turkey in 1990, she worked in the Bank's Economic and Social Studies, Resource and International Relations, and Development and Investment Securities Portfolio units as a Specialist. When the Bank's Risk Monitoring Department was set up in 2001, she became its first Assistant Manager, a position that she held until 2006 when she became Manager. Serving as Manager of the Bank's Treasury Unit from 2011 to 2013, Semra Pekkaya has been Head of Risk Management since September 13, 2013.



SENIOR MANAGEMENT

İbrahim H. Öztop

CEO and Board Member

Born in Şanlıurfa in 1969. Mr. Öztop graduated from the Industrial Engineering Department of the Middle East Technical University in 1991 and received a master's degree in Business Administration from Bilkent University.

He held senior positions at the investment banking divisions of Türkiye Sınai Kalkınma Bankası A.Ş., Körfezbank A.Ş. and Garanti Yatırım Menkul Kıymetler A.Ş.

Mr. Öztop was appointed a Board Member and CEO to the Development and Investment Bank of Turkey in August 2018. He is an Executive Board Member at KOSGEB (Small And Medium Enterprises Development Organization), and a Board Member at TII-Turkish Investment Initiative. Mr. Öztop was appointed as a Member of the Board of Directors at the Banks Association of Turkey in June 2020 and elected the Chairperson of the Turkish Capital Markets Association in October 2021. He is also the Deputy Chair of the Central Registry Agency as of February 2021.

Zekai Işıldar

Executive Vice President

Born in Kayseri in 1963. He graduated from the Department of Mining Engineering at the Middle East Technical University in 1986. Beginning his professional career as an Assistant Specialist at the Bank in 1986, Mr. Işıldar served as a Specialist, Senior Specialist, and as a Manager between 1991-2007. After that, he was appointed as Acting Executive Vice President in 2007, and then Executive Vice President in January

2009. Zekai Işıldar served as Board Member at the Development and Investment Bank of Turkey between 2008 and 2009. Previously, he also served as Board Member at the Bank's subsidiaries Aciselsan A.Ş. and T.H. Kalkınma Yatırım Menkul Değerler A.Ş. Mr. Işıldar is in charge of Human Resources and Support Services.

Satı Balcı

Executive Vice President

Born in Yozgat in 1966. Mrs. Balcı graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration in 1988. She began her professional career the same year as an Assistant Specialist at Yapı Kredi Bank and later worked as, Specialist (1993-1998), Senior Specialist (1998-2006), Manager (2006-2011), and Department Head (2011-2017) at the Project Assessment, Credit Allocation and Credit Monitoring units of the same bank. Mrs. Balcı served as Board Member at the Bank's subsidiaries Yozgat Otelcilik A.Ş. and Arıcak A.Ş. Currently, she is an Administrator at T.H. Kalkınma Yatırım Menkul Değerler A.Ş. Mrs. Balcı has been serving as Executive Vice President at the Development and Investment Bank of Turkey since November 2017, and she is in charge of Financial Affairs, Credit Operations, Treasury and Capital Market Transactions, Operations and Subsidiaries, Corporate Relations and Sustainability functions.

Ufuk Balâ Yücel

Executive Vice President

Born in İstanbul in 1964. She graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Public Administration in 1987. Between 1989 and 1992,

she received a master's degree from the Institute of Banking and Insurance at Marmara University. Starting her professional career in 1987 at the International Industry and Trade Bank of Turkey, Ms. Yücel held office as Corporate Branch Manager at Yapı ve Kredi Bankası A.Ş. between 1987 and 1999, and she served at Finansbank A.Ş. as Corporate Branch Manager between 1999 and 2000. Having worked at the Industrial Development Bank of Turkey in 2001-2007 as Loans Department Manager, she served as Executive Vice President at the same institution in 2008-2018. From 2008 to 2013, she was elected as a Member of the Board of Directors of Türkiye Sınai Kalkınma Bankası GYO A.Ş. Then, she served as the Chairperson of the Board of Directors from 2014 to 2018. Since January 31, 2019, Ms. Yücel has been working as an Executive Vice President in charge of Credit Monitoring, Credit Allocation, and Legal Affairs. She is also a Board Member at T. H. Kalkınma Yatırım Menkul Değerler A.Ş.

Seçil Kızılkaya Yıldız

Executive Vice President

Born in Konya in 1973. She graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1998. Mrs. Yıldız began her career at the Industrial and Development Bank of Turkey in 1998. After working as the Corporate Finance Assistant Manager at Oyak Yatırım Menkul Değerler A.Ş. between 2006 and 2007, she served as a Senior Credit Analyst at the İstanbul Liaison Office of the Bayerische Hypo-und Vereinsbank AG between 2007-2008. Having worked as Capital Markets Director at UniCredit Menkul Değerler A.Ş. between 2008-2012, Mrs. Yıldız served as Structured Financing Group Manager at the ING

Bank A.Ş. between 2012-2014. Having worked as a Corporate Finance Consultant between 2014-2016, Mrs. Yıldız was the founding and managing partner of the FSM Advisory Partnership between 2016-2017. She assumed the title of Executive Vice President at Kuzu Toplu Konut İnşaat A.Ş. between 2017-2019. In addition to her role as Board Member at T. H. Kalkınma Yatırım Menkul Değerler A.Ş., Birleşik İpotek Finansmanı A.Ş., and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş., as well as her role as Chairperson at Kalkınma Yatırım Varlık Kiralama A.Ş., Mrs. Yıldız has been serving at the Bank as the Executive Vice President in charge of Investment Banking, Project Evaluation and Corporate Communications since March 2019.

Emine Özlem Cinemre

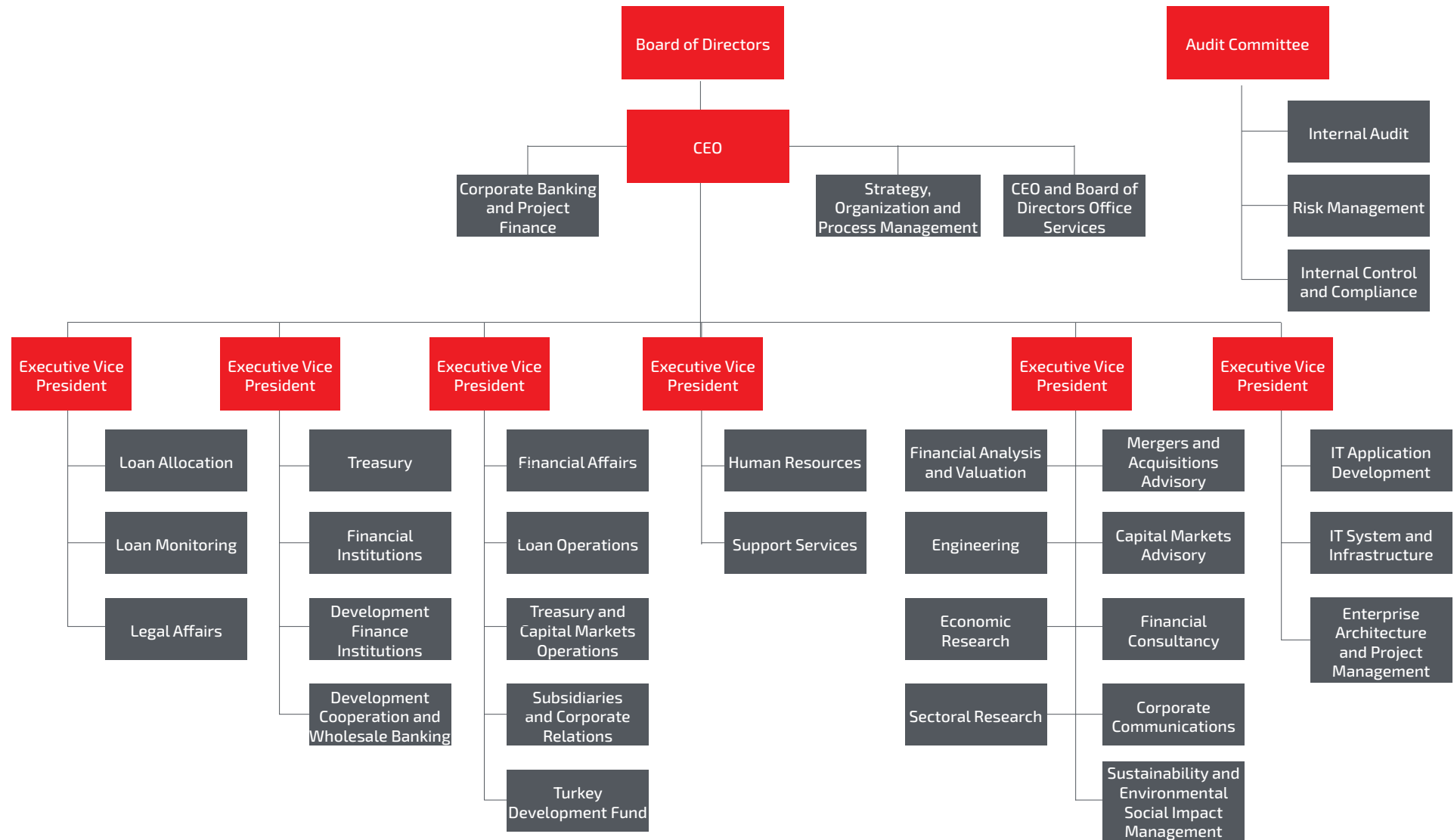
Executive Vice President

Born in İstanbul in 1964. She graduated from the Business Administration Department of the Faculty of Economics and Administrative Sciences, Boğaziçi University in 1988. Mrs. Cinemre began her career at QNB Finansbank as Junior Specialist in 1988. Later, she had various titles including Foreign Relations Officer (1989-1991), Foreign Relations Unit Manager (1991-1992), Head of Foreign Relations Group (1993-1997), and Assistant General Manager in charge of Foreign Relations (1997-2018). In the period from 2018 to 2019, Mrs. Cinemre served as a Board Member at QNB Finans Leasing, QNB Finans Faktoring and Hemenal Finansman A.Ş. A Board Member at T. H. Kalkınma Yatırım Menkul Değerler A.Ş., Mrs. Cinemre has been Executive Vice President in charge of Treasury, Financial Institutions, Development Finance Institutions and Development Cooperation & Wholesale Banking Departments at the Development and Investment Bank of Turkey since June 2019. Mrs. Cinemre is also a Board Member at various non-profit organizations in Turkey.

^(*) 17.04.2019-30.04.2021 tarihleri arasında Özgür Maraş Genel Müdür Yardımcılığı görevini yürütmüştür.



ORGANIZATIONAL CHART



Pursuant to the Board's resolution on February 8, 2022, adopted to increase the effectiveness of the Bank's current organizational structure, IT Application Development and IT Systems and Infrastructure Unit, as well as its employees, who directly reported to the CEO's office, will be affiliated with the newly-created function of Executive Vice President in charge of IT Units. In addition, a decision was also passed to establish a Corporate Architecture and Project Management Unit under the said Executive Vice President function.



COMMITTEES

Audit Committee

An Audit Committee was formed within the Board of Directors under Article 24 of the Banking Law No. 5411 and Regulation on the Banks' Internal Systems and Internal Capital Adequacy Assessment Process with the Bank's Board of Directors' Resolution No. 227 dated October 31, 2006, to assist the Board of Directors in conducting its audit and oversight activities.

As per the Board resolution no. 121 on July 14, 2020, Turgay Geçer, Erdal Erdem, and Abdullah Bayazıt were elected as members of the Audit Committee.

The Audit Committee conducts its activities in accordance with the Audit Committee Internal Regulations approved by the Board of Directors' resolution no. 88 dated May 15, 2020.

The Committee must meet at least once in three months. The Committee met 16 times and passed 63 decisions in 2021.

Members of the Audit Committee and their Primary Functions

Name-Surname	Title	Primary Function
Turgay Geçer	Chairman	Independent Member of the Board of Directors
Erdal Erdem	Deputy Chair	Independent Member of the Board of Directors
Abdullah Bayazıt	Member	Independent Member of the Board of Directors

Remuneration Committee

Pursuant to the BRSA's Regulation Amending the Regulation on Banks' Corporate Governance Principles published in the Official Gazette no. 27959 dated September 9, 2011, a Remuneration Committee was formed to evaluate the Bank's remuneration policy and practices with respect to risk management and submitting recommendations thereon to the Board of Directors, according to the Board resolution no. 2011-23-10/272 dated December 8, 2011. The Remuneration Policy came into force pursuant to the Board's interim resolution no. 074 on April 18, 2013 and the Remuneration Committee Internal Regulations came into force as per the resolution no. 2013-11-14/121 dated June 13, 2013. The members of the Remuneration Committee were appointed again as per the Board's resolution dated November 25, 2021, no. 2021-17-11/221.

In 2021, the Committee held one meeting and passed one decision to be submitted to the Bank's Board of Directors.

Members of the Remuneration Committee and their Primary Functions^{*)}

Name-Surname	Title	Primary Function
Salim Can Karaşıklı	Chairman	Independent Member of the Board of Directors
Dr. Hakan Ertürk	Member	Independent Member of the Board of Directors

^{*)} Murat Zaman was a Member at the Remuneration Committee from July 14, 2020 to October 22, 2021.

Corporate Governance Committee

The Corporate Governance Committee was formed with the Bank's Board of Directors' resolution no. 185 dated June 15, 2007 in accordance with the Regulation on the Banks' Corporate Governance Principles issued by the Banking Regulation and Supervision Agency (BRSA) and published in the Official Gazette issue 26333 dated November 1, 2006, and with the Corporate Governance Principles issued by the Capital Markets Board (CMB).

The Operating Procedures and Principles of the Corporate Governance Committee were put into effect by the Board of Directors' Resolution No. 209 dated July 24, 2007. The operating procedures and principles of the committee have been revised and transformed into the Corporate Governance Committee Internal Regulations by the Board of Directors' Resolution No. 283 dated December 29, 2011. The regulation was revised with the Board of Directors' Resolution No. 214, dated November 25, 2014.

The function of the Committee is to determine the principles of the Bank's corporate governance policy, to oversee compliance with Corporate Governance Principles, to carry out initiatives for making improvements in this respect, and to make recommendations to the Board of Directors. Pursuant to the Board's resolution no. 068 dated March 31, 2021, Erdal Erdem, who is a non-executive and independent member of the Board, was elected as the Chair of the Corporate Governance Committee. The Corporate Governance Committee met two times and passed 2 decisions in 2021.

Furthermore, within the framework of the Capital Markets Board's "Communiqué on the Determination and Implementation of Corporate Governance Principles." The Bank's Board of Directors decided that the duties of the Nomination Committee shall be performed by the Corporate Governance Committee.

The Corporate Governance Committee is continuing to work to improve the Bank's corporate governance practices.



Members of the Corporate Governance Committee and their Primary Functions^(*)

Name-Surname	Title	Primary Function
Erdal Erdem	Chairman	Independent Member of the Board of Directors
Salim Can Karaşıklı	Deputy Chair	Independent Member of the Board of Directors
Metin Yılmaz	Member	Treasury and Cap. Mar. Tr. Op. Unit Man.

Credit Evaluation Committee

The Credit Evaluation Committee was set up to determine, and update as needed, the principles and procedures governing the Bank's general lending policies; ensure and monitor the regular flow of business, information, and documents among the units in charge of credit transactions; evaluate the Bank's credit risk and credit portfolio; review, evaluate and decide on the plans drafted by relevant units on credit allocation; evaluate projects awaiting extension in terms of the three dimensions of sustainable development (economic, social and environmental) as per the Bank's Environmental and Social Policy; make decisions, as per the limits determined, on deferral, installment, and re-arrangement of the terms for credit repayments; determine the principles and procedures regarding the Bank's credit policies; enhance the efficiency of the credit portfolio in line with changing and emerging conditions; take measures and decisions for customers with non-performing loans upon determining relevant strategies, and discuss the proposals drafted by relevant departments.

The Credit Evaluation Committee is chaired by the CEO and composed of the following Executive Vice Presidents (except the Executive Vice President in charge of Treasury, Financial Institutions, Development Collaboration, Wholesale Banking, and Development Finance Institutions) and Head of Department for Corporate Banking and Project Finance. Committee meetings are chaired by the acting CEO in cases where the CEO is absent. In addition to the members described below, other personnel may also be invited to the Committee meetings depending on the meeting agenda. However, other participants do not have the right to vote.

In 2021, the Committee convened 45 times and passed decisions on 155 proposals and matters, submitted those that were relevant to the approval of the Board.

Members of the Credit Evaluation Committee and their Primary Functions

Name-Surname	Title	Primary Function
İbrahim H. Öztop	Chairman	CEO
Ufuk Bala Yücel	Member	Executive Vice President
Seçil Kızılkaya Yıldız	Member	Executive Vice President
Satı Balcı	Member	Executive Vice President
Zekai Işıldar	Member	Executive Vice President
Cenk Özsezginler	Member	Head of Department
Managers of Relevant Divisions	Participant	Head/Manager of Relevant Department

Assets and Liabilities Management Committee

The Assets and Liabilities Committee was set up to facilitate the effective and efficient management of the asset and liability items of the Bank's balance sheet. The Committee conducts its activities in accordance with the Bank's vision, mission, strategic objectives and targets, risk management policies, and strategies; it takes into consideration various factors including current or potential economic developments, interest rates, maturity, and currency.

The Committee was established by the Board of Directors' Resolution No. 213 dated September 8, 2008. The Assets and Liabilities Management Committee Internal Regulations governing the operating procedures and principles of the committee took its final form upon the Board decision no. 225 dated October 23, 2020.

The Committee is chaired by the CEO, and its members consist of Executive Vice Presidents, Corporate Banking and Project Finance Director, Head of the Risk Management Department, and Head of the Strategy Organization and Process Management Department. In the absence of the Chairman, the Executive Vice President in charge of Treasury chairs the meetings. Depending on the meeting agenda, the Chairman of the Committee may invite the related department directors or other personnel to attend the meetings. The Committee passed 13 decisions in 2021.



COMMITTEES

Name-Surname	Title	Primary Function
İbrahim H. Öztıp	Chairman	CEO
Özlem Cinemre	Deputy Chair	Executive Vice President
Zekai İşıldar	Member	Executive Vice President
Seçil Kızılkaya Yıldız	Member	Executive Vice President
Satı Balcı	Member	Executive Vice President
Ufuk Bala Yücel	Member	Executive Vice President
Cenk Özseginler	Member	Cor. Ban. & Project Fin. Dep. Head
Dr. Semra Pekkaya	Member	Head of Risk Management
Yasin Külâhçı	Member	Strategy Org. and Proc. Man. Dep.

Sustainability Committee

Sustainability Committee was established in order to develop sustainability strategy and policies, and to make efforts through integration of these policies into the activities of the Bank.

The Sustainability Committee conducts its activities as per the updated Sustainability Committee Directive dated August 2021. The Committee is chaired by the CEO and composed of an independent Board Member, Executive Vice President in charge of Sustainability and Environmental Social Impact Management, Executive Vice President in charge of Development Finance Institutions, Head of the Sustainability and Environmental Social Impact Management Division, Head of the Strategy, Organization and Process Management Department, and other auxiliary members to be elected by the Committee. An independent Board Member and auxiliary members are determined upon the Committee decision.

In 2021, the Committee held three meetings and passed five decisions.

Members of the Sustainability Committee and their Primary Functions

Name-Surname	Title	Primary Function
İbrahim Halil Öztıp	Committee Chair	CEO
Turgay Geçer	Committee Deputy Chair	Board Member
Seçil Kızılkaya Yıldız	Member	Executive Vice President
Emine Özlem Cinemre	Member	Executive Vice President
Yasin Külâhçı	Member	Head of Department
Erhan Çalışkan	Member	Manager

Members of the Sustainability Committee have been updated on August 23, 2021.



PRINCIPLES OF THE BANK'S HUMAN RESOURCES POLICY

The Development and Investment Bank's HR strategy is predicated on the principle of equal opportunity. The Bank performs above the industry average with a female executive ratio of 67% at the level of executive vice president and a female workforce ratio of 41%. Boosting these numbers is among the goals of the Bank.

Female
workforce ratio
standing at
41%

The Development and Investment Bank meets stakeholders' expectations, values employees, welcomes development, utilizes all resources efficiently, cares about the environment, operational health, and safety, complies with quality standards and laws, continuously develops its technology and skills for doing business, and is empowered by the creativity of employees. Therefore, human resources are the greatest asset for the Bank to attain its goals.

The Bank strives to attract, train and develop a qualified workforce holding the competencies required for the vision and mission of the Bank while providing a working environment that allows employees to fully utilize their potential.

52 new people joined the Bank in 2021. This raised the number of staff working for the Bank to 298 as of the end of 2021.



As of the end of 2021, the Bank has 122 female and 176 male employees. Equal opportunity lies at the core of the Bank's human resources policy and it is an indispensable component of its corporate identity. Equality between women and men in the workforce has also become an integral part of the corporate culture. 67% of the Bank's Executive Vice Presidents are women, which is a true testament to this principle. With a female workforce ratio standing at 41%, the Bank performs above the average of Development and Investment Banks. Boosting this number is among the goals of the Bank.

Meritocracy Mindset

The Bank fully focuses on meritocracy in all human resources processes.

In order to achieve the goals of the Bank and increase the quality of its personnel, the Bank offers training programs. Furthermore, with

the mission to carry the current experience and know-how to the future, priority is placed on employing qualified, high-quality specialist personnel.

The Bank searches candidates holding the required qualifications of the relevant position and calls them for an interview, while also assessing individual applications. Written and/or verbal tests as well as employment processes for candidates are conducted by the Human Resources department.

Tests opened by the Bank are announced to the public both on the Bank's website and career websites. Test results are communicated to candidates via e-mail. In 2021, 9 employees started to work at the Bank as part of the Management Trainee program.



PRINCIPLES OF THE BANK'S HUMAN RESOURCES POLICY

The Development and Investment Bank has taken out subscriptions for global and local online training platforms to support employees' career and development journeys for personal and technical development through training and certification processes.



The Bank made the full transition to online interviews and testing in hiring processes. Standard criteria, including those on experience, time period of holding relevant position, performance, competency assessment, tests, interviews, etc., under career maps for all internal promotions and rotations, are communicated across the Bank in a transparent manner.

The Bank continues with efforts linked with hiring new graduates through Assistant Specialist and Internship Programs. The plan is to take part in universities' career days and similar events as part of brand visibility and recognition in the coming period.

An Objective Remuneration Policy

The Development and Investment Bank of Turkey implements a Remuneration Policy approved by the Board of Directors. The Policy is aimed at remuneration based on the weight of duty. Furthermore, it encourages fair and measurable success among employees, in line with the risk principles of the Bank. The Remuneration Committee and the Human Resources Department authorized by the former, are in charge of reviewing and implementing remuneration policies according to the principles in place.

The Development and Investment Bank of Turkey's remuneration policy is based on the principles of "equal pay for equal work" and "compensation for performance." In addition to individual performance, the Bank considers macroeconomic conditions, inflation rate and sectoral trends. The Bank set up a continuous monitoring system so as to ensure that a fair and measurable compensation mechanism is in place that pursues balanced performance

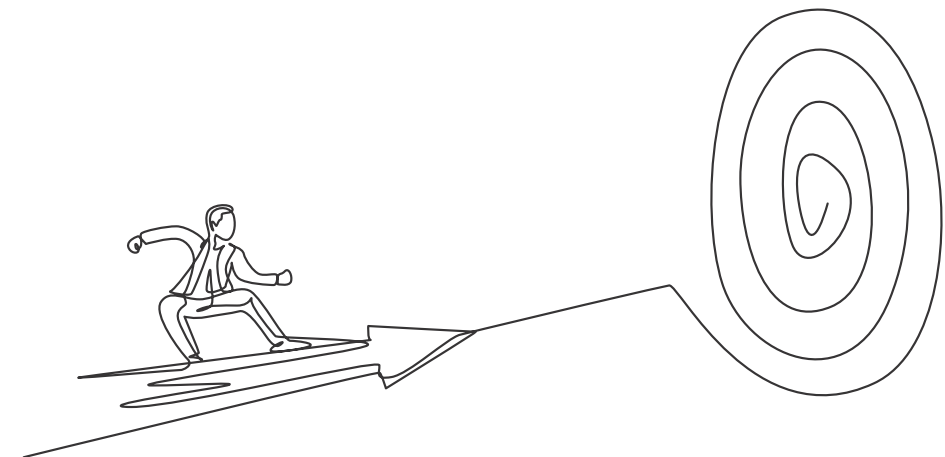
goals and encourages sustainable success. The Bank's compensation system pursues remuneration based on the weight of duty, with the staff performing similar duties being paid similar wages. Duties are assessed in light of objective criteria, such as the competencies required for a certain duty, the risk it bears, as well as the number of people supervised. In this context, the Bank's compensation policy was approved by the Board of Directors.

Dynamic Performance Assessment System

The Bank's performance assessment system measures employee performance in terms of their competencies in alignment with the Bank's values, goals, and achievement of goals. Systematic performance models are supported by tangible, measurable criteria at the time of assessment. This ensures fairness among employees while serving as important and effective management tools for cost management and productivity.

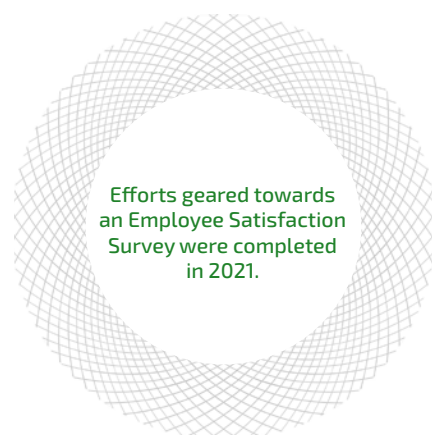
In harmony with the Bank's values, managerial, core and functional skills were defined for managers and higher positions; while core and functional skills were defined for other titles. Employee performance is assessed in terms of competencies, goals, and realization thereof. For the process to be objective, employee assessments are conducted by two supervisors of the relevant employee, subject to the employee's approval. Supervisors have feedback discussions with the employee.

The Bank's performance assessment system is designed to measure employee performance towards goals and achievement of goals. Systemic bonus and performance models are supported by tangible and measurable criteria at the time of assessment.





As of the end of 2021, 22 e-learning programs were delivered to employees on the online platform. Continuous learning and development is the mindset behind the acquisition of various online training platforms with high international recognition to address the needs and requirements of different units.



Professional and Personal Training Activities

Professional technical and personal development training programs are organized to equip employees with the know-how and competencies desired. Employees are always encouraged to attend these training programs.

In 2021, online and virtual class training sessions took precedence over physical organizations. As of the end of 2021, 22 e-learning programs were delivered to employees on the online platform. Continuous learning and development is the mindset behind the acquisition of various online training platforms with high international recognition to address the needs and requirements of different units.

Training delivered focused on 218 different topics. The Bank also attends the open class training courses organized by the Banks Association of Turkey in three different terms regularly.

A training program on the assistant specialist function was organized for new graduates, which helped introduce new graduates to the Bank through a training period of one month with banking and technical sessions.

The Bank helps employees obtain certifications required for specific positions upon supervisors' opinion and approval. This lends constant support to employee development. Specific journal and database subscriptions are obtained to address the requirements of units.

The Bank monitors the courses that are mandatory and periodic as per applicable laws and makes sure they are completed by the personnel. Acting in compliance with the

regulations on occupational health and safety (OHS), the Bank coordinates and monitors training programs, OHS councils, near-miss events, occupational accidents, and corrective and preventive activities through its OHS team.

To retain and improve talent, the Bank intends to prepare and implement long-term training programs for the employees within its talent pool in 2022.

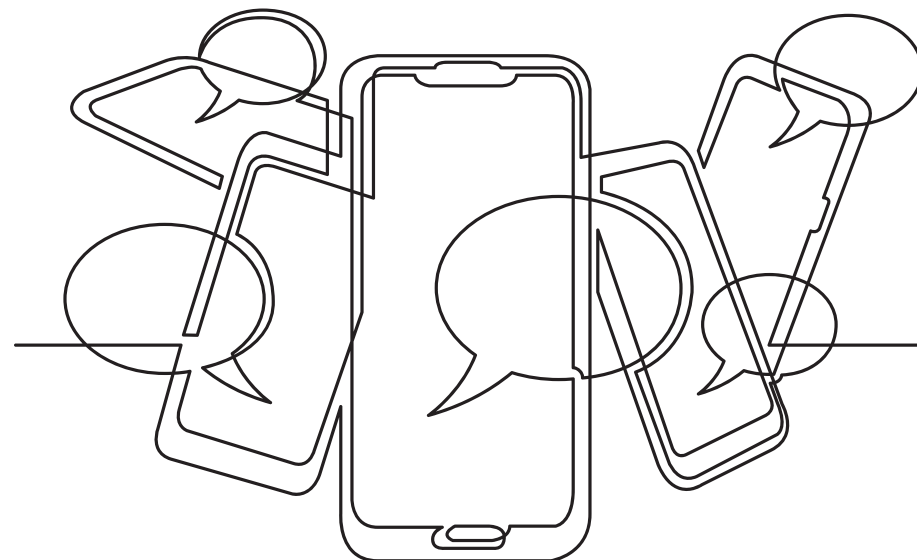
Two-Way Dialogue Channels

The Bank places great importance on two-way dialogue channels to boost employee engagement and satisfaction and to be inspired by employees' innovative ideas. Employees' opinions are heard via online meetings, the Intranet, and various surveys regularly for the purposes of improving employee satisfaction and engagement.

Preparations for the Employee Satisfaction Survey were completed in 2021. The survey will be conducted in the first quarter of 2022 to analyze the current situation and determine the necessary action. Another goal is to carry out action plans and boost satisfaction score in 2022.

Digitalizing Human Resources Processes

In line with its overall strategy, the Bank focused on the digitalization of its human resources and internal communications practices in 2021. The Bank has set its eyes on the digitalization of all its business processes under Human Resources. System works are ongoing. Digitalization will help the Bank achieve higher efficiency in processes, cut costs, run reporting processes via the system, and improve employee satisfaction.





SUPPORT SERVICE PROVIDERS

As per the "Regulation on Support Services that will be Procured by Banks and Authorizing Support Service Companies" and as stipulated by Law No. 5188, the Bank purchased private security services from the following firms for the hotel building located in Fethiye, Muğla:

- Efeler Özel Güvenlik Eğitim Hizmetleri Danışmanlık ve Güvenlik Sistemleri Ticaret Ltd. Şti. (for a term of one year);

Private security and guidance services were procured from this firm in 2021.

In addition to this, the following services are outsourced:

- The Bank also procured the following services: Server hosting services from Telekomünikasyon A.Ş.;
- Core Banking Software products and services from Softtech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Ticaret A.Ş. as part of the Core Banking Software Transformation Project;
- White space rental services from Yaz Bilgi Sistemleri Ticaret A.Ş.;
- Product procurement, maintenance, and support services for the SWIFT system from Fineksus Bilişim Çözümleri Ticaret A.Ş.;
- Public Offering Module and Securities Module from Active Bilgisayar Hizm.ve Tic. Ltd.;
- Leakage test services from BGA Bilgi Güvenliği A.Ş.; and
- Treasury Derivatives and Valuation Management, Market Risk Management, Asset and Liabilities Management Solutions, and R&D services from Risk Yazılım Teknolojileri Danışmanlık Eğit. Tic. Ltd.
- Oracle Products Extended Technical Support service from Helezon Bilgisayar Yazılım Danışmanlık ve Elektronik Ltd. Şti.;
- Data center renewal project service from İşNet Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

The Development and Investment Bank of Turkey operates in accordance with Law No. 7147 regulating its establishment, the Banking Law and other legal regulations. The Bank complies with the mandatory Corporate Governance Principles issued by the Capital Markets Board and maximum effort is made to comply with non-mandatory principles.

Although full compliance with the non-mandatory Corporate Governance Principles is targeted, such full compliance has not been achieved yet due to reasons such as the practical challenges with some of the principles, and the fact that some principles do not completely overlap with the existing structure of the market and the Bank. Efforts towards the principles that have not yet been implemented are still ongoing and these principles are scheduled for implementation following the completion of managerial, legal, and technical infrastructure operations in a manner to contribute to the effective management of the Bank.

Pursuant to the decision of the Capital Markets Board dated January 10, 2019 No. 2/49; the Corporate Governance Compliance Reporting to be prepared in accordance with the Corporate Governance Communiqué No. II-17.1, must be made using the Corporate Governance Compliance Report and the Corporate Governance Information Form through the KAP (Public Disclosure Platform). Relevant reports are available under the "Corporate Governance" and "Corporate Governance

Principles Compliance Report" tabs at <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/2426-turkiye-kalkinma-ve-yatirim-bankasi-a-s>

Below are the primary non-mandatory Corporate Governance Principles that have not yet been complied with. Additional explanations on this matter are provided in the relevant sections of the report. There was no conflict of interest that our bank faced due to non-compliance with the non-mandatory principles.

- **In relation to principle numbered 1.3.11,** persons specified in the "Internal Directive on the Working Principles and Procedures of the General Assembly" may attend General Assembly meetings in addition to the shareholders of the Bank. In relation to principle numbered 1.5.2, the Articles of Association do not govern minority rights.
- **In relation to principle numbered 1.5.2,** minority rights have not been laid down in the Articles of Association.
- **In relation to principle numbered 1.6.3,** the reasons for not distributing profit were discussed upon the Board's proposal to not distribute profits. However, only the means of utilizing the profit not to be distributed were stated in the minutes of the General Assembly meeting.
- **In relation to principle numbered 2.1.2,** there is no real person shareholder who holds more than 5% of the issued capital. The up-to-date version of the Bank's shareholding structure is available on the corporate website.



SUMMARY OF BOARD OF DIRECTORS REPORT

- **In relation to principle numbered 2.1.4;** it is explained partially in English.
- **In relation to principle numbered 3.2.1,** the participation of the staff in the management is not governed by internal regulation. However, relevant units may attend the meetings at the decision-making stage and provide information or opinion at the committees.
- **In relation to principle numbered 3.3.5,** decisions made on employees and developments that pertain to them are communicated to them. No unionization is in place at the Bank.
- **In relation to principle numbered 4.2.8;** an Executive Liability Insurance with a limit of USD 3 million has been taken out for the Bank's executives including its Board Members to cover individual liability arising from their improper conduct although it does not cover 25% of the capital.
- **In relation to principle numbered 4.3.9,** a minimum ratio was not determined about the ratio of female members at the Board of Directors.
- **In relation to principle numbered 4.4.3,** no practice has been introduced for this matter although there is an opportunity to express an opinion.
- **In relation to principle numbered 4.4.7,** Board Members are not restricted from assuming duties in institutions other than the Bank.
- **In relation to principle numbered 4.5.5,** Board Members may be appointed to more than one committee.

- **In relation to principle numbered 4.6.1,** performance assessments are not carried out at the Board level.
- **In relation to principle numbered 4.6.5,** remuneration paid to senior managers is disclosed cumulatively, not on an individual basis.

In 2019, efforts for compliance with the Corporate Governance Principles were undertaken in accordance with the Capital Markets Law which covered the regulations of the CMB on the Corporate Governance Principles and with the communiqués issued on the basis of this law.

In 2021, the Board of Directors and the Committees of the Board of Directors of the Bank were formed in line with the regulations in the Communiqué on Corporate Governance. The Committees of the Board that are formed continue their activities effectively.

Hit by the Coronavirus pandemic, the global economy started to recover as of the second half of 2020 once the impact of the virus was taken under control to a certain extent. In 2021, quarantine measures were eased, vaccination programs picked up speed, and supportive economic policies made contributions to the revival of global economic activity. In this framework, the global economy is estimated to have grown by 5.9% in 2021, in the aftermath of a 3.1% shrinkage in 2020.

Turkey's economy recovered promptly thanks to the measures to mitigate the negative impact of the pandemic as of the second half of 2020, delivering a positive growth for the past five quarters.

Driven by domestic demand, Q1 saw a 7.4% growth in the economy, followed by a 22% in Q2 thanks to a revival in foreign demand in parallel with domestic demand and the base effect of the previous year. Contributions of domestic demand and net exports continued in Q3, helping preserve the uptick in economic activity and attain a 7.4% growth in the economy. Widespread vaccination programs allowed the services industry -- tourism in particular -- to rejuvenate, and thus ensured that growth continued with a more balanced composition. Macroeconomic indicators for Q4 show an ongoing positive trend in economic activity. Within this framework, Turkey's economy grew by over 10% according to estimates in 2021. The upward trend in economic activity is projected to continue with the positive impact of foreign demand in 2022, while Turkey is expected to differentiate itself positively from its peers.

A look into the implications of the developments in global and Turkey's economy on our operations shows that our Bank has maintained its robust performance in 2021. The Bank's financial indicators for 2021 reveal that our assets rose by 72% compared to the same period of the previous year and reached TL 48.3 billion.

In addition, our loans, which make up 77.48% of our total assets, rose to TL 20.4 billion as of December 2021, and our loan volume grew by 84% YoY. Our capital adequacy ratio stood at 14.26% in 2021. Our profit for the year totaled TL 814 million.

In line with Turkey's development goals, our Bank provides credit support to investments and contributes to sustainable growth, and it is determined to support Turkey's economy through development and investment banking activities as well as the operations under the Development Fund of Turkey in the periods to come.

As the Board of Directors of the Development and Investment Bank of Turkey, we would like to extend our gratitude to all our stakeholders for their valuable contributions and support for our business activities in 2021. We hereby submit for your consideration the Development and Investment Bank of Turkey's Board of Directors' and Statutory Auditors' reports and financial statements for 2021.

Development and Investment Bank of Turkey
Board of Directors



ASSESSMENT OF THE AUDIT COMMITTEE REGARDING THE OPERATION OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS AND ITS ACTIVITIES DURING THE FISCAL YEAR

The Audit Committee conducts its activities within the framework of the provisions of the "Regulation on Banks' Internal Systems and the Internal Capital Adequacy Assessment Process" that was issued by the Banking Regulation and Supervision Agency. The Inspection Board, Internal Control and Compliance Unit, and the Risk Management Unit under Internal Systems directly report to the Board of Directors through the Audit Committee.

The Audit Committee receives regular reports from internal control, internal audit, and risk management systems units as well as from independent audit firms on the execution of their duties. In 2021, it convened 16 times during which 63 resolutions were passed. The activities performed by the Audit Committee are reported to the Board of Directors every six months in accordance with BRSA regulations.

Activities of the Inspection Board

The Inspection Board conducts audits in order to add value to performing and developing the

activities of the Bank in line with the Banking Law and other legal regulations as well as the decisions, policies, and targets of the Bank. Annual audit planning is prepared in a way to cover all the units, processes, information systems, support service organizations, and internal control and risk management systems of the Bank on the basis of risk appraisal. The quarterly activity reports on the activities conducted by the Bank's Inspection Board are reviewed together with the Audit Committee and following the approval of the reports by the Board of Directors, the reports are communicated to the BRSA.

The Inspection Board issued 13 audit reports associated with the planned audit activities conducted in 2021. Planned audit activities also encompass all operations and transactions of the bank units, validation and inspection of the ICAAP process, information systems and banking processes, rating, independent audit and appraisal institutions, and support services organizations. The Board of Directors' report which is submitted to the contracted independent audit institution is

based on information systems and banking process audits conducted by the Inspection Board and audits of support services organizations. In addition, a report was drawn up regarding one investigation in this period.

Activities of the Internal Control and Compliance Unit

An internal control, legislation, and compliance function is present under the Internal Control and Compliance Unit. The Internal Control and Compliance Unit worked in coordination to ensure that the Bank's activities are performed effectively, efficiently, in compliance with applicable laws and regulations, and within a sound internal control environment.

Internal control activities were carried out with a risk-oriented approach and in a manner to cover key control areas. Within this scope, control test activities were conducted by competent and experienced internal control staff, who delivered efforts supported by software systems at Head Office units. Works carried out ensured processes were structured to bolster the internal control system. Activities performed by the Unit significantly contributed to keeping losses linked with operational risks at a minimum, while ensuring that our operations were conducted effectively, efficiently, in compliance with laws, and within a sound internal control environment.

The Legal and Compliance Function has undertaken efforts to establish a compliance risk culture at the Bank and subsidiaries; measure, monitor, and report risks to manage compliance risks effectively; follow up and announce legal regulations to ensure compliance with applicable laws;

support activities to set internal policies and procedures; and present opinion and evaluations regarding the compliance of products and services with the law. Consulting was delivered to the staff about compliance risks including programs on fighting against financial and economic crimes. Contributions were made to the effective management of compliance risks. Measures were taken to ensure compliance with applicable laws and the Bank's policy and standards in the activities that the Bank carried out and will carry out, as well as in the products and processes. Internal training on compliance policies aimed at compliance risk awareness is ongoing. The Unit also helped efforts related to monitoring laws and coordinating relations with regulatory authorities.

Findings obtained as a result of controls conducted within the framework of internal control, compliance and legislative activities were submitted to relevant units, while guidance was provided to address existing shortcomings and issues. Outcomes of the actions taken by relevant units were monitored. Annual reports, prepared in quarterly periods for such internal control studies, were presented to the Audit Committee.

Activities of the Risk Management Unit

The risks that the Bank is currently or potentially exposed to are monitored by the Risk Management Unit on a daily, weekly, monthly, and annual basis, and reported to the Audit Committee, to the Board of Directors, and to the senior management.



The Unit is in charge of providing warnings for the purposes of identifying, measuring, analyzing, monitoring, reporting, and mitigating controllable and uncontrollable risks the Bank is exposed to. Within this scope, existing and potential risks faced by the Bank are monitored through internal reports prepared on a daily, weekly, and monthly basis by the Risk Management Unit.

As part of daily reports, the Unit analyzes the Bank's interest and exchange rate exposure based on various scenarios; monitors emergency indicators in relation to daily limits and liquidity; conducts duration analyses on the Bank's securities portfolio; and evaluates the compliance of bank placements and letters of guarantee accepted with the Bank's determined limits. Weekly reports mainly cover general economic analyses and considerations, while providing limit monitoring tables for liquidity and exchange rate risks.

More comprehensive analyses regarding the risks exposed by the Bank are included in the monthly risk analysis reports prepared by the Risk Management Unit. With the "Risk Limits Monitoring Report" prepared by the Unit,

actualizations on the risk limits determined and approved by the Board of Directors for the quantifiable risks are provided. Monthly reports are submitted to the Audit Committee, the Board of Directors, the Assets-Liabilities Management Committee, Senior Management, and other related units.

Within the scope of statutory reporting, the Risk Management Unit calculates and reports capital adequacy ratio, standard ratio of the interest rate arising from banking accounts, and operational value at risk (VaR) to BRSA in the risk-reporting format defined by BRSA. As per the "Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process" issued by BRSA and published in the Official Gazette No. 29057 dated July 11, 2014, the Bank prepares an annual Internal Capital Adequacy Assessment Process (ICAAP) Report. Accordingly, it is planned that the Risk Management Unit prepares the "Development and Investment Bank of Turkey 2021 Internal Capital Adequacy Assessment Process (ICAAP) Report" in March 2022, which will be submitted to BRSA upon the approval of the Board of Directors.

RISK MANAGEMENT POLICIES

The general risk principles followed by the Bank can be defined as including the following activities: specializing in activities in accordance with its mission, vision and structure defined in its establishment law; taking definable, monitorable and/or manageable risks accordingly; avoiding risks other than the ones unavoidable due to the main activities. Within this scope, the fundamental principle is taking risks which are defined and manageable.

The Bank ensures that the existing and potential future impacts of the risks taken are measured as much as possible within the limits of the risk measurement and reporting techniques. Furthermore, it specifies written limits for the quantifiable risks arising from its activities within the framework of the Article 38 of the Banking Regulation and Supervision Agency's "Regulation on Banks' Internal Systems and Internal Capital Adequacy Evaluation Process." It is made sure that quantifiable risks stay within these limits approved by the Board of Directors.

In addition, the Bank measures the current and potential future impact of the risk it takes to the extent allowed by risk measurement and reporting techniques and the Bank will continue to do so in the future as well.

Credit Risk Management Policy

Credit risk is the probability of loss resulting from a client of the Bank being unable to meet his/her obligations, either partially or completely, as stated in the contract with the Bank. The Bank, in accordance with BRSA regulations and limitations, manages the credit risk with regard to the best practices for credit volume, qualification, and complexity.

The Bank calculates the value at credit risk in accordance with the "Regulation on Banks' Capital Adequacy Measurement and Assessment" and Basel II criteria. The management of credit risk, such as to sustain a legal capital adequacy standard ratio above minimum level, is essential and determined by the regulations.

In relation to credit risk management, credit volume, qualification and complexity are measured, monitored and analyzed with stress test and scenario analyses; the process and the results are reported to the Audit Committee and the Senior Management. The assessment of new products and services in terms of credit risk is a requirement. The Bank defines, measures and manages credit risks of all products and activities without being limited to credit products.

Turgay Geçer
Chairman of the Audit
Committee

Erdal Erdem
Deputy Chairman of the Audit
Committee

Abdullah Bayazit
Member of the Audit
Committee



RISK MANAGEMENT POLICIES

Conformity of credit decision support systems with the Bank's operational structure, size and complexity is constantly examined, developed and regulated by the Board of Directors.

Credit risk is monitored not only in terms of clients and firms but also with regard to the total credit portfolio and the composition thereof. Credit risk is monitored and managed in terms of sector, maturity, collateral, region, currency, and type of credit. The Bank's credit risk management policy requires diversification of the credit portfolio.

The financial data of the companies which have used, suspended or restructured credits from the Bank is tracked on a regular basis until the collection and liquidation of the risk is completed. Firms bearing relatively high levels of risk, or those for which a physical site visit is required, are examined by the Bank. As a result of the examinations and assessments, a monitoring report with developed suggestions is prepared. The Bank continues to implement this policy with regard to non-performing loans.

Market Risk Management Policy

The Bank is exposed to market risk as a result of its operations due to volatility in exchange rates, interest rates and share prices resulting from fluctuations in financial markets. The amount of exposure to market risk is calculated by the standard method and reported to the Banking Regulation and Supervision Agency as stated in the "Regulation on Banks' Capital Adequacy Measurement and Assessment."

Exchange Rate Risk Management Policy

As a result of operations which involve the use of foreign currencies, the Bank is exposed to currency risk stemming from the disparities of its assets and liabilities in foreign currency which result from changes in exchange rates.

The Bank's exchange rate risk management policy is determined regarding the financial situation of the Bank, current economic developments, and market trends and also profitability and efficiency in accordance with "Foreign Exchange Net Overall Position/Equity Standard Ratio" determined by the regulations. By preserving this fundamental target, the existing foreign currency holdings are placed with the most favorable interest rates, and the opportunities to arise in forex markets at the right time and under appropriate conditions are utilized with the purpose of both asset and liability management.

In order to be able to manage the exchange rate risk as set out above, forward/futures and swap transactions are made available in the context of the Asset and Liability Management for the purposes of risk protection (hedging), when necessary.

Management Policy of Interest Rate Risk in the Banking Book

The main aim in interest risk management is to minimize the maturity mismatch in the balance sheet in order to avoid the effects arising from volatility in interest rates. In this scope, interest sensitive assets are managed through portfolio distribution optimization, duration, interest rate expectations, alternative yield, and commensurable loss.

Compliance with the limits in interest risk management is a requirement accepted by the Board of Directors.

Liquidity Risk Management Policy

The main policy regarding liquidity risk management is to ensure a quality asset structure which fulfills all obligations under all circumstances. As a specialized bank, the Bank's liquidity requirements are more foreseeable when compared to other commercial banks, and this provides the Bank with regular cash flow. The types, maturity structures, and consistency of the interest rates of assets and liabilities on the balance of the Bank all comply with the decisions of the Assets and Liabilities Management Committee; and liquidity ratios and risk limits that are determined by the regulations are monitored on a regular basis.

In order to manage liquidity risk, cash flows are forecasted by using predictable data with regard to the maturity structure of the Bank's assets and liabilities. Placement of the excess liquidity in a convenient institution to get an alternative yield and meeting the liquidity requirement with minimum costs are essential.

In addition, monthly proforma cash flows and balance sheet durations are continuously monitored to anticipate probable risks for the coverage level of mid- and long- term liabilities.

Operational Risk Management Policy

Pursuant to BRSA regulations, the Bank manages its operational risk in accordance with the amount, quality and complexity of its activities and accepts the fact that the operational risk management process encompasses all activities and employees of the Bank. The Bank's main principle in this respect is that the Bank's personnel are aware of operational risks and evaluate their impacts, and take necessary measures to mitigate and/or eliminate risks or develop recommendations to achieve this and conduct their activities in a control-aware manner while performing their duties, authorities, and responsibilities. New products and services are assessed in terms of personnel, process, system and externally-triggered operational risks.

The Bank handles operational risk management as per the "Operational Risk Management Policy" approved by the Board in December 2020. In 2021, the Bank has created an "Operational Risk Framework" document with the main headings of Human Risk, Process Risk, System Risk, and External Factors as per the "Guide on Managing Operational Risks" published by BRSA. "Field of Operation (FO)," "Reason of Risk (RR)" and "Type of Risk (TR)" codes were created for use at the Bank's "Operational Risk Loss Database" through a risk control self-assessment, which reflected the Bank's operational risk structure in accordance with Basel and BRSA regulations. As part of the Operational Risk Management Policy, "Risk Control Self-Assessment" covering all business units was conducted for the first time and a report on the assessment was presented to the



Audit Committee in 2021. Potential factors related to basic risks were monitored; "Key Risk Indicators" were identified to obtain meaningful data on the current situation of business processes with operational weakness, errors, and losses. The Bank commenced "Operational Risk Loss Database" activities to create a profile of operational risks and keep the data of losses that occur as part of operational risks.

Reputation Risk Management Policy

A "Reputation Risk Management Policy" has been established in September 2020 to define, evaluate, control, monitor, report, and disclose the risk of negative perception and reception on the Bank arising from the Bank's operations, practices, stakeholders (customers, personnel, shareholders). This has contributed to efforts to issue policies linked with such processes.

The Reputation Risk Management Policy is geared towards adopting a consistent approach in reputation risk management, preventing the direct and indirect financial impacts of reputation risk, effectively managing inevitable residual risks, raising employee awareness for reputation risk management, establishing a corporate culture in this respect, and gathering and providing information to monitor reputation risk.

For an effective reputation risk management, and as per the objectives laid down in the Policy, the Bank identifies indicators that may be a matter to be tackled under reputation risk, monitors such indicators regularly, and addresses these indicators monitored in monthly Risk Analysis Reports as of 2021.

Counterparty Credit Risk Management Policy

The Bank takes necessary precautions to limit counterparty credit risks arising from bilateral transactions, such as over-the-counter derivative transactions by considering their risk capacity.

Concentration Risk Management Policy

The Bank conducts activities by considering the concentration risks including but not limited to the concentration of loans in certain regions and sectors, or the concentration in fund sources and funding institutions. When an increase in concentration risk is determined, measures are taken to reduce it to an acceptable level.

Information Technologies Risk Policy

Any threats, disruptions, or faults that might occur in the IT processes involved in all internal and external activities of the Bank, would inevitably lead to a financial, managerial, and reputational loss for the Bank. Under the information technologies risk management policy; regarding the existing/potential risks that occur/will occur in the Bank's practices that can be considered within the scope of the Information Technologies (system, software, data security, data processing, data storage); (i) risks are detected at the first stage; and (ii) solutions are found to eliminate these risks; and/or (iii) necessary measures are taken; and (iv) this process is systematically monitored.

As part of the Information Technologies risk management, necessary measures for the risks and information on the adoption of these measures are evaluated with the annual risk

assessment reports. Based on the information technologies risk assessment reports; what actions are to be taken for the detected risks and whether these actions are promptly taken or not is assessed, and the Board of Directors is informed by the Audit Committee about this issue.

Internal Assessment of Capital Requirement and Capital Adequacy Policy

The main principle of the Internal Assessment of Capital Requirement and Capital Adequacy Policy of the Bank is to create strong, effective, and complete strategies and processes in order to continuously evaluate and maintain the types, components, and structure of the capital that is considered sufficient for the risks that occurred/will occur.

As a principle, the Bank will have an Internal Capital Adequacy Assessment Process suitable for its risk profile according to the complexity and characteristics of its activities and shall set capital targets in conformity with its risk profile, activity environment, and strategies. The Internal Capital Adequacy Assessment Process (ICAAP) is designed based on the Bank's scale, and the complexity and characteristics of its activities while its results are reported to the Bank's Senior Management. Internal Capital Adequacy Assessment Process is designed and carried out by the risk management unit, and is presented to the Board of Directors by the Audit Committee.

The Bank's Senior Management is responsible for integrating Capital Planning and Management into the general risk

management culture and approach. The Bank's Senior Management ensures that capital planning and management policies and procedures are announced and implemented within the Bank and supported by sufficient authorities and resources.

In case any changes occur in the Bank's strategies, business plans, activity environment or other factors that might have significant impacts on the assumptions and methods used in Internal Capital Adequacy Assessment Process, necessary corrections are made in the process. As a principle, the Bank's internal assessment process shall at least cover the credit risk, market risk, and operational risk used in capital requirement calculations and shall also cover all other important risks such as interest rate risk in the banking book, concentration risk, liquidity risk, reputation risk, and strategic risk.

As mandated by the "Banks are required to establish and implement an ICAAP that is compatible with their risk profile and activity environment" rule of the Banking Regulation and Supervision Agency's "Regulation on banks' internal systems and internal capital adequacy assessment process" published in issue 29057 of the official gazette on July 11, 2014, an ICAAP has been established and is now being implemented within the Bank. As part of the process established within the Bank, the Development and Investment Bank of Turkey issues a comprehensive annual ICAAP Report based on its year-end financial statements and submits the report to BRSA by the end of March every year.



ASSESSMENT OF FINANCIAL STRENGTH, PROFITABILITY AND SOLVENCY

Financial data regarding the Bank's financial position as of December 31, 2021, is presented in the tables below in a comparative format with the respective financial data from December 31, 2020.

TL Million	31.12.2020	31.12.2021	Change (Value)	Change (%)
Total assets	28,073.37	48,380.73	20,307.36	72.34
Total Assets (US\$ Million)	3,771.63	3,682.31	-89.32	-2.37
Loans	20,402.72	37,483.22	17,080.50	83.72
Liabilities (TL Million)	24,485.17	43,917.37	19,432.20	79.36
Equity	3,588.20	4,463.36	875.16	24.39
Free Capital(*)	3,364.68	3,885.09	520.41	15.47
Total Income	1,562.47	3,697.25	2,134.78	136.63
Total Expenditures (inc. Tax)	1,060.63	2,883.33	1,822.70	171.85
Tax Provision	118.93	197.68	78.75	66.22
Profit/Loss	501.84	813.92	312.08	62.19
Standard Capital Adequacy Ratio (%)	22.35	14.26	-8.09	-36.20

(*) Free Capital = Shareholders' Equity - (Subsidiaries + Affiliated Companies + Fixed Assets + Non-Performing Loans (Net) + Deferred Tax Asset + Prepaid Expenses)

As of December 2021, the Bank's total assets grew by 72.3% compared to the previous year and reached approximately TL 48.4 billion. The 37.12% increase in liquid assets (TL 2.3 billion) and 83.7% increase in credits (TL 17.1 billion) were determinants in the increase in asset size.

The increase in the liabilities results from the approximately 79.4% increase in foreign assets (TL 19.4 billion) and the 24.4% increase in shareholders' equity (TL 875.2 million).

FX assets and liabilities, which constitute a significant portion of the Bank's balance sheet, and the increases observed in exchange rates (76.5% for USD and 62.5% for EUR) during this period should be taken into consideration while evaluating the increase in assets and liabilities. The Bank's asset growth rate is 2.7% when it is calculated based on the Bank's FX balance sheet denominated in EUR-USD, and by excluding the 67.9% increase in the currency basket.

Looking at the evolution of the Bank's asset composition, loans correspond to approximately TL 37,5 billion. Standing at 72.7% at the end of 2021, loans represented 77.5% of the total assets in 2021.

Composition of Assets (%)	31.12.2020	31.12.2021
Cash and Cash Equivalents	18.01	8.82
Financial Assets Designated at Fair Value Difference through Profit or Loss	0.43	0.46
Financial Assets Designated at Fair Value Difference through Other Comprehensive Income	3.44	8.13
Other Financial Assets Measured at Amortized Cost	6.12	6.22
Derivative Financial Assets	0.00	0.00
Loans	72.68	77.47
Receivables from Leasing	0.00	0.00
Subsidiaries and Affiliates (Net)	0.07	0.03
Tangible and Intangible Fixed Assets (Net)	0.23	0.10
Deferred Tax Asset	0.06	0.20
Other Assets	0.19	0.20
Anticipated Loss Provisions (-)	1.23	1.63
Total	100.00	100.00

Non-Performing Receivables (gross) balance amounted to TL 855 million in 2021. The Gross NPL ratio rose from 1.1% at the end of 2020 to 2.3% at the end of 2021. Compared to 2020, the Provisions/NPL ratio dropped by 7% to TL 528.4 million in 2021. Meanwhile, Nonperforming Loans (Net)/Total Loans ratio grew to 0.87% from 0.33%.

Total Loans (TL Thousand)	31.12.2020	31.12.2021
Loans	20,402,723	37,483,219
Non-performing Loans (Gross)	218,511	855,150
Loan Provisions (-)	150,378	528,440
Non-performing Loans (Net)	68,133	326,710



Liquid assets of the Development and Investment Bank, which were TL 6.142 million as of year-end 2020, rose by 37.1% to TL 8,422 million in December 2021. In this development, cash and cash equivalents dropped from TL 5.057 million to TL 4.268 million, and financial assets of which fair value difference reflected on other comprehensive income rose from TL 966 million to TL 3.933 million.

Liquid Assets (TL Thousand)	31.12.2020	31.12.2021
Cash and Cash Equivalents	5,056,556	4,267,617
Financial Assets Designated at Fair Value Difference through Profit or Loss	119,725	220,867
Financial Assets Designated at Fair Value Difference through Other Comprehensive Income	965,542	3,932,699
Derivative Financial Assets	43	365
Total	6,141,866	8,421,548

The Bank finances credit placements primarily with foreign funding. The loans have reached approximately TL 38 billion within the composition of the Bank's sources, and their share in total liabilities rose from 77.5% to 78.5% in the same period. Following the TL 400 million increase in paid-in capital in 2021, shareholders' equity rose to approximately TL 4.5 billion in December 2021, with the share of shareholders' equity in total liabilities dropping from 12.8% to 9.2%. Liabilities increased more than shareholders' equity did, which had an impact on this reduction.

Composition of Liabilities (%)	31.12.2020	31.12.2021
Borrowings	77.52	78.47
Due to Money Markets	0.73	1.31
Funds	0.88	3.16
Subordinated Debt Instruments	7.10	6.93
Provisions	0.18	0.15
Other Liabilities	0.81	0.76
Equity	12.78	9.22
Profit/Loss for the Period	1.79	1.68
Total	100.00	100.00

Total income grew by 136.6% (TL 2,134.8 million TL) to reach TL 3,697.3 million while total expenditures increased by 171.9% (TL 1,822.7 million) to TL 2,883.3 million. As a result, the Bank's net profit for the period grew by 62.2% (YoY) to TL 813.9 million in 2021.

Total Income and Expenditures (TL Million)	31.12.2020	31.12.2021	Change (Value)	Change (%)
Total Income	1,562	3,697	2,135	136.68
Total Expenditures (excl. Tax)	941	2,685	1,744	185.33
Tax Provision (-)	119	198	79	66.39
Net Profit (Loss)	502	814	312	62.15

Sources of Profit/Loss (TL Million)	31.12.2020	31.12.2021
Interest Margin	737.3	1,376.8
FX Margin	67.6	49.6
Fees and Commissions Margin	20.6	39.1
Capital Markets Transactions Margin	5.9	20.3
Derivative Financial Trans. Margin	-63.5	-0.7
Other Income Margin	-147.2	-473.5
Profit Before Tax	620.7	1,011.6
Tax Provision (-)	118.9	197.7
Net Profit (Loss)	501.8	813.9

An analysis of the Bank's interest income-expenditures indicates that interest income generated by loans remained the key source of profitability, with loans holding a high share in total assets.

As of year-end 2021, interest margin, representing the most important factor in the Bank's profitability, increased by 86.74% year-on-year (apx. TL 640 million) and reached TL 1,376.8 million. The share of interest income generated from loans in total interest income dropped from 66.68% in 2020 to 61.89% as of the end of 2021. Meanwhile, the share of interest income generated from money market transactions in total interest income fell from 6.67% in 2020 to 6.29% in 2021. On the other hand, the share of interest income generated from banks in total interest income rose from 11.16% to 16.79% in the same period.



ASSESSMENT OF FINANCIAL STRENGTH, PROFITABILITY AND SOLVENCY

Composition of Interest Income/Expenditures (%)	31.12.2020	31.12.2021
Interest Income	100	100
From Loans	66.68	61.89
From Banks	11.16	16.79
From Money Market Transactions	6.67	6.29
From Securities	15.49	15.03
Other	0	0
Interest Expenditures	100	100
On Money Market Transactions	1.2	4.84
On Credits Used	97.14	91.6
Other	1.66	3.56

The Bank's average return on assets rose from 2.2% to 2.4% YoY and the average return on shareholders' equity from 19.49% to 20.16%.

Following the TL 400 million increase in paid-in capital in December 2021, shareholders' equity rose to approximately TL 4.5 billion, with the share of shareholders' equity in total liabilities dropping from 12.8% to 9.2% in December 2021.

As of the end of December 2021, the regulatory shareholders' equity went up to TL 7,678.8 million. In the meanwhile, the Value at Credit Risk and Value at Market Risk totaled TL 51,821 million and TL 758.35 million, respectively, and the Value at Operational Risk was TL 1,253.8 million. As a result, the Bank's Standard Capital Adequacy Ratio was 14.26% as of December 2021, down from 22.35% in December 2021. This increase was linked with the hike in Value at Credit Risk.

INFORMATION ON TRANSACTIONS BETWEEN THE BANK AND ITS RISK GROUPS

The Chairman of the Board of Directors, the Members of the Board of Directors, the CEO, and the Executive Vice Presidents of the Bank are not shareholders in the Bank's capital. There is no record of any credits extended using third persons or any other money lent and any surety given to any of the Members of the Board of Directors or executives of the Bank.



CREDIT RATINGS

The credit rating of the Development and Investment Bank of Turkey for 2020-2021 was given by Fitch Ratings. During the online due diligence meeting held with the analysts of Fitch Ratings on April 6, 2021, information was provided on the financials and operations of the Bank. Fitch confirmed the Bank's ratings in its report dated May 18, 2021.

On December 10, 2021, the outlook of the Bank was revised downwards, from stable to negative, due to the downward country outlook revision. Ratings of the Bank are as follows:

Long-Term Foreign Currency Rating	BB- negative
Long-Term TL Rating	BB- negative
Short-Term Foreign Currency Rating	B
Short-Term TL Rating	B
Baseline Support Rating	BB-

SUMMARY FINANCIAL INFORMATION AND KEY RATIOS FOR THE 2017-2021 PERIOD

(TL Million)	2017	2018	2019	2020	2021
TOTAL ASSETS	8,983.20	15,714.80	19,375.90	28,073.40	48,380.7
FINANCIAL ASSETS	1,919.30	1,895.60	3,242.70	6,141.90	8,421.5
TOTAL LOANS	7,001.3	13,714.40	15,127.80	20,402.70	37,483.2
NON-PERFORMING LOANS (NET)	50.6	50.3	5.6	68.1	326.7
TOTAL FOREIGN ASSETS	7,726.90	14,297.50	17,019.50	24,485.20	43,917.4
PAID-IN CAPITAL	500	500	850	1,600.00	2,000.0
SHAREHOLDERS' EQUITY	1,256.30	1,417.30	2,356.40	3,588.20	4,463.4
NET INTEREST INCOME	279.4	456.7	707.7	737.3	1,376.8
NET PROFIT	128.3	160.3	447.1	501.8	813.9

(%)	2017	2018	2019	2020	2021
TOTAL LOANS/TOTAL ASSETS	77.1	86.5	77.5	72.1	77.5
TOTAL NON-PERFORMING LOANS (GROSS)/TOTAL LOANS (GROSS)	1.8	0.9	0.8	1.1	2.3
TOTAL FOREIGN ASSETS/TOTAL LIABILITIES	86	91	87.8	87.2	90.8
SHAREHOLDERS EQUITY/TOTAL ASSETS	14	9	12.2	12.8	9.2
CAPITAL ADEQUACY STANDARD RATIO	16.7	14.2	22.3	22.4	14.3
AVERAGE RETURN ON ASSETS	1.4	1	2.6	2.2	2.4
AVERAGE RETURN ON EQUITY	10.2	11.3	23.7	19.5	20.2

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Financial Statements

As of and For the Year Ended

31 December 2021

With Independent Auditor's Report Thereon

(Convenience Translation of Unconsolidated Financial Statements and
Related Disclosures and Footnotes Originally Issued in Turkish)



KPMG Bağımsız Denetim ve
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Convenience Translation of the Independent Auditor's Report Originally
Prepared and Issued in Turkish to English

To the Shareholders of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi

A) Audit of the Unconsolidated Financial Statements

Opinion

We have audited the unconsolidated financial statements of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi ("the Bank") which comprise the unconsolidated balance sheet as at 31 December 2021 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report.

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Bu rapor, Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi'nin 2021 yılı bilanço ve diğer finansal tabloları için hazırlanmıştır.
Raporun tamamı, bankanın internet sitesinde ve diğer kanallarıyla yayımlanmıştır.



We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (including *Independence Standards*) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of loans measured at amortised cost

Refer to Section III, Note IX to the unconsolidated financial statements relating to the details of accounting policies and significant judgments of for impairment of loans measured at amortised cost.

Key audit matter	How the matter is addressed in our audit
As of 31 December 2021, loans amount comprise 77% of Bank's total assets. The Bank recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard"). As of 1 January 2019, due to the new adoption of the Standard, in determining the impairment of financial assets the Bank started to apply "expected credit loss model" instead of the "incurred loss model". The new model contains significant assumptions and estimates. The significant assumptions and estimates of the Bank's management are as follows: - determination of significant increase in credit risk since initial recognition of loans in financial statements. - incorporating the forward looking macroeconomic information in calculation of credit risk.	Our procedures for auditing the impairment of loans measured at amortised cost include below: - We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank's impairment accounting policy compared with the Regulation and Standard. - We evaluated the model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialists. - We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated by including the impact of



- design and implementation of expected credit loss model.

The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.

The Bank calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the fair value of the collateral provided for credit transactions.

The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward looking expectations are reflected by macroeconomic models.

Impairment on loans measured at amortised cost is determined as a key audit matter, due to the significance of the estimates, assumptions including the impact of COVID-19 pandemic, the level of judgements and its complex structure as explained above.

COVID 19 on prospective information and macroeconomic variables.

- We evaluated the accuracy of the expected credit loss calculations for the loans which are assessed on individual basis including the impact of COVID-19 on the assumptions and estimates.

• We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated.

- We assessed the macroeconomic models that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method.

- We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk.

- We evaluated the adequacy of the disclosures in the unconsolidated financial statements related to impairment provisions.

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

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



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

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

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 Auditing Regulation and Standards on Auditing issued by POA 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 unconsolidated financial statements.

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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



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

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

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

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2021 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova
Partner, SMMM

8 February 2022
İstanbul, Türkiye

THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş. AS OF 31 DECEMBER 2021

The Headquarters Address	Saray Mahallesi Dr.Adnan Büyükdeniz Cad. No:10 Ümraniye / İSTANBUL
Telephone and Facsimile	Tel : 0216 636 87 00 Faks: 0216 636 89 28
Website Address	http://www.kalkinma.com.tr
E-mail Address	muhasebe@kalkinma.com.tr

The unconsolidated financial report for the year ended prepared in accordance with the "Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, consists of the following sections:

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

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

Dr. Raci KAYA Chairman of the Board	İbrahim İl. ÖZTOP CEO and Board Member	Dr. Turgay GEÇER Chairman of Audit Committee
Erdal ERDEM Deputy Chairman of Audit Committee	Abdullah BAYAZIT Member of Audit Committee	S. Balci Executive Vice President Responsible for Financial Reporting
		Aydın TOSUN Head of Financial Affairs

Information on the authorized personnel to whom questions related to this financial report may be directed:

Name Surname/Title : Atilla ALPTEKİN / Finance Manager
Tel No : 0 216 636 88 87



SECTION ONE

General Information

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TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes To The Unconsolidated Financial Statements As of 31 December 2021

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION ONE

GENERAL INFORMATION

I. Establishment Date of the Bank, Initial Articles of Association, History of the Bank Including the Changes of These Articles:

The Bank was established on 27 November 1975 according to the Decree Based on Law numbered 13 as a related institution of the Ministry of Trade and Technology with the legal title of “Devlet Sanayi ve İşçi Yatırım Bankası A.Ş.”. Some adjustments were made on the status of the Bank with the Decree Based on Law numbered 165 dated 14 November 1983.

On 15 July 1988, its legal title was changed to Türkiye Kalkınma Bankası A.Ş. by being associated to the Prime Ministry in the context of the Decree Law numbered 329 and in parallel with the developments in its activities. The Bank had become a development and investment bank that provides financing support to companies in tourism sector as well as trade sector by taking over T.C. Turizm Bankası A.Ş. with all of its assets and liabilities with the decision of Supreme Planning Council dated 20 January 1989 and numbered 89/T-2. Also with the Decree Law numbered 401 dated 12 February 1990, some of the articles related to the Bank status were changed.

With the Law dated 14 October 1999 and numbered 4456, Decree Law numbered 13, 165, 329 and 401 were revoked and the establishment and operating principles of the Bank were rearranged.

Türkiye Kalkınma ve Yatırım Bankası A.Ş. Law dated 24 October 2018 and numbered 7147 was abolished and the Law dated 14 October 1999 and numbered 4456 was revoked. The Bank's name was changed to Türkiye Kalkınma ve Yatırım Bankası A.Ş with the law numbered 7147.

II. Capital Structure of the Bank, Shareholders that Retain Direct or Indirect Control and Management of the Bank Solely or Together, Changes about These Issues During the Year And Disclosures about the Group:

The capital ceiling of the Bank which is subject to registered capital system is TL 10.000.000. The issued capital within the registered capital is TL 2.000.000 (The Bank's capital consists of 200 billion shares with par value of TL 0,01 each), and the shareholders and their shares in the issued capital are shown below:

Shareholders	Share Amount (Thousand TL)	Share (%)	Paid-in Capital (Thousand TL)	Unpaid Capital (Thousand TL)
Republic of Turkey Ministry of Treasury and Finance	1.981.631	99,08	1.981.631	-
Other Shareholders (*)	18.369	0,92	18.369	-
Total	2.000.000	100,00	2.000.000	-

(*) Includes all institutions and individuals and shares of those shareholders are traded in Borsa İstanbul, therefore, number of shareholders can not be known.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes To The Unconsolidated Financial Statements As of 31 December 2021

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

III. Explanations Regarding the Bank's Chairman and Members of Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents And Their Shares Attributable to the Bank, if any:

Chairman and Members of the Board of Directors(*):

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Dr. Raci KAYA	Chairman of the Board	09.11.2020	Doctorate	31
Dr. Hakan ERTÜRK	Deputy Chairman of the Board	22.10.2021	Doctorate	21
İbrahim H. ÖZTOP	CEO and Board Member	13.12.2018	Master's Degree	26
Salim Can KARAŞIKLI	Board Member	13.12.2018	Bachelor's Degree	27
Dr. Turgay GEÇER	Board Member	27.05.2019	Doctorate	30
Erdal ERDEM	Board Member	10.07.2020	Bachelor's Degree	25
Abdullah BAYAZIT	Board Member	10.07.2020	Master's Degree	16

(*) Deputy Chairman of the Board of Directors Murat ZAMAN resigned from his duties in the Bank as of 22 October 2021. With the decision of the Bank's Board of Directors dated 22 October 2021, Hakan ERTÜRK was elected for the vacant position as the Board Member and Deputy Chairman of the Board of Directors.

General Manager, Executive Vice Presidents:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
İbrahim H. ÖZTOP	General Manager / Corporate Banking and Project Finance, IT Application Development, IT System and Infrastructure, Strategy Organization and Process Management, CEO and Board of Directors Office Services and all other areas	16.08.2018	Master's Degree	26
Zekai İŞILDAR	EVP/ Human Resources, Support Services	30.01.2009	Bachelor's Degree	34
Satı BALCI	EVP/ Subsidiaries and Corporate Relations, Financial Affairs, Loan Operations, Treasury and Capital Market Operations, Turkey Development Fund	07.11.2017	Bachelor's Degree	33
Ufuk Bala YÜCEL	EVP/ Loan Allocation, Loan Monitoring, Legal Affairs	01.02.2019	Master's Degree	33
Seçil KIZILKAYA YILDIZ	EVP/ Financial Analysis and Valuation, Engineering, Economic Research, Sectoral Research, Mergers and Acquisition Advisory, Capital Markets Advisory, Financial Advisory, Corporate Communications, Sustainability and Environmental Social Impact Management	08.03.2019	Bachelor's Degree	22
Emine Özlem CİNEMRE	EVP/ Treasury, Financial Institutions, Development Finance Institutions, Development Cooperation and Wholesale Banking	20.05.2019	Bachelor's Degree	34

Chief Internal Inspector:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Dr. Kaan Ramazan ÇAKALI	Chief Internal Inspector	27.05.2019	Doctorate	19

Executives mentioned above do not own any shares of the Bank in the part which is not publicly traded.



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Balance Sheet (Statement of Financial Position) As of 31 December 2021

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

IV. Information About Persons And Institutions that Have Qualified Shares Attributable to the Bank:

Republic of Turkey Ministry of Treasury and Finance owns 99,08% of the shares of the Bank.

V. Summary of Functions and Lines of Activities of the Bank:

As an investment and development bank of Türkiye Kalkınma ve Yatırım Bankası A.Ş.'s operating areas are supporting investments and projects for sustainable growth, ensuring the efficient use of capital and fund resources, financing domestic, international and international joint investments, and profit partnership or lease-based loan transactions by using modern development and investment banking tools in line with our country's development goals, to ensure that all development and investment banking functions can be performed in a competitive, dynamic and effective manner.

VI. Information on Application Differences Between Consolidation Practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, and Entities Subject to Full or Proportional Consolidation or Deducted From Equity or not Subject to Any of These Three Methods:

Since Kalkınma Yatırım Menkul Değerler A.Ş. which is the subsidiary of the Bank is in liquidation process, the Bank has lost control over its subsidiary in accordance with the related provisions of TAS and TFRS and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been reclassified to financial assets measured at fair value through other comprehensive income.

The Bank has participated 100% in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi established on 28 May 2020 with a nominal capital of TL 50 and a 100% participation in the Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi established on 17 November 2020 with a nominal capital of TL 1.800.

In accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi and Kalkınma Yatırım Varlık Kiralama Anonim Şirketi are consolidated in the consolidated financial statements by full consolidation method as of 31 December 2020.

According to the Paragraph 4th of Article 6th of Law dated 24 October 2018 and numbered 7147 about Türkiye Kalkınma ve Yatırım Bankası A.Ş., the Bank is not subject to the provisions of the Banking Law No. 5411 and the Consolidated Audit and Consolidated Financial Reporting in the relevant legislation due to its shares in Türkiye Kalkınma Fonu of which the Bank is the founder.

Since the Bank's associates are not financial institutions, they are not consolidated using the equity method in the consolidated financial statements within the scope of the Communiqué on the Preparation of Consolidated Financial Statements of Banks.

VII. Current or Likely Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts Between the Bank and Its Subsidiaries:

As explained above, Kalkınma Yatırım Menkul Değerler A.Ş. is in liquidation process, and transfer of equity is expected to be made at the end of the liquidation process.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Balance Sheet (Statement of Financial Position) As of 31 December 2021

(Thousands of Turkish Lira (TL) unless otherwise stated)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five I)	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. FINANCIAL ASSETS (NET)	(1)	4,932,631	3,488,917	8,421,548	3,518,947	2,622,919	6,141,866
I.1 Cash and Cash Equivalents		3,939,038	328,579	4,267,617	2,943,885	2,112,671	5,056,556
I.1.1 Cash and Balances with Central Bank		2,051	-	2,051	1,126	-	1,126
I.1.2 Banks		2,950,096	328,579	3,278,675	1,451,203	2,112,671	3,563,874
I.1.3 Money Markets		993,282	-	993,282	1,500,739	-	1,500,739
I.1.4 Expected Credit Loss (-)		(6,391)	-	(6,391)	(9,183)	-	(9,183)
I.2 Financial Assets Measured at Fair Value Through Profit or Loss		7,124	213,743	220,867	-	119,725	119,725
I.2.1 Government Securities		-	-	-	-	-	-
I.2.2 Equity Securities		-	213,743	213,743	-	119,725	119,725
I.2.3 Other Financial Assets		7,124	-	7,124	-	-	-
I.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income		986,104	2,946,595	3,932,699	575,019	390,523	965,542
I.3.1 Government Securities		959,627	1,720,811	2,680,438	549,917	345,964	895,881
I.3.2 Equity Securities		16,477	-	16,477	14,990	-	14,990
I.3.3 Other Financial Assets		10,000	1,225,784	1,235,784	10,112	44,559	54,671
I.4 Derivative Financial Assets		365	-	365	43	-	43
I.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		365	-	365	43	-	43
I.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)	(2)	2,613,432	37,092,441	39,705,873	1,194,875	20,580,110	21,774,985
II.1 Loans		3,239,180	34,244,039	37,483,219	1,415,404	18,987,319	20,402,723
II.1.1 Lease Receivables		-	-	-	30	-	30
II.1.2 Factoring Receivables		-	-	-	-	-	-
II.1.3 Other Financial Assets Measured at Amortised Cost		163,990	2,848,402	3,012,392	124,551	1,592,791	1,717,342
II.1.4 Government Securities		163,990	2,848,402	3,012,392	124,551	1,592,791	1,717,342
II.1.5 Other Financial Assets		-	-	-	-	-	-
II.1.6 Expected Credit Loss (-)		(789,738)	-	(789,738)	(345,110)	-	(345,110)
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(3)	-	-	-	-	-	-
III.1 Held for Sale Purpose		-	-	-	-	-	-
III.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	(4)	13,169	-	13,169	20,543	-	20,543
IV.1 Associates (Net)		10,119	-	10,119	18,693	-	18,693
IV.1.1 Associates Accounted Based on Equity Method		-	-	-	-	-	-
IV.1.2 Unconsolidated Financial Subsidiaries		10,119	-	10,119	18,693	-	18,693
IV.2 Subsidiaries (Net)		3,050	-	3,050	1,850	-	1,850
IV.2.1 Unconsolidated Financial Subsidiaries		3,050	-	3,050	1,850	-	1,850
IV.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
IV.3 Joint Ventures (Net)		-	-	-	-	-	-
IV.3.1 Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
IV.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(6)	27,424	-	27,424	46,139	-	46,139
VI. INTANGIBLE ASSETS (Net)	(7)	21,873	-	21,873	17,744	-	17,744
VI.1 Goodwill		-	-	-	-	-	-
VI.2 Other		21,873	-	21,873	17,744	-	17,744
VII. INVESTMENT PROPERTY (Net)	(8)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET	(9)	-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(10)	95,478	-	95,478	17,990	-	17,990
X. OTHER ASSETS	(11)	25,858	69,511	95,369	23,296	30,807	54,103
TOTAL ASSETS		7,729,865	40,650,869	48,380,734	4,839,534	23,233,836	28,073,370

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Balance Sheet (Statement of Financial Position) As of 31 December 2021

(Thousand of Turkish Lira (TL) unless otherwise stated)

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five II)	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	(1)	-	-	-	-	-	-
II. FUNDS BORROWED	(2)	2,376,145	35,586,672	37,962,817	782,206	20,980,533	21,762,739
III. MONEY MARKET FUNDS	(3)	636,329	-	636,329	205,378	-	205,378
IV. SECURITIES ISSUED (Net)	(4)	-	-	-	-	-	-
IV.1 Bills		-	-	-	-	-	-
IV.2 Asset Backed Securities		-	-	-	-	-	-
IV.3 Bonds		-	-	-	-	-	-
V. FUNDS	(5)	463,536	1,065,255	1,528,791	121,079	124,137	245,216
V.1 Borrower Funds		443,427	319,769	763,196	102,413	61,625	164,038
V.2 Other		20,109	745,486	765,595	18,666	62,512	81,178
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(6)	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(7)	26,693	-	26,693	47	-	47
VII.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		26,693	-	26,693	47	-	47
VII.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES	(8)	-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(9)	9,903	-	9,903	13,575	-	13,575
X. PROVISIONS	(11)	72,772	-	72,772	51,012	-	51,012
X.1 Restructuring Provisions		-	-	-	-	-	-
X.2 Reserve for Employee Benefits		50,997	-	50,997	38,997	-	38,997
X.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
X.4 Other Provisions		22,675	-	22,675	12,015	-	12,015
XI. CURRENT TAX LIABILITY	(12)	24,354	-	24,354	45,148	-	45,148
XII. DEFERRED TAX LIABILITY	(13)	-	-	-	-	-	-
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(14)	-	-	-	-	-	-
XIII.1 Held for Sale Purpose		-	-	-	-	-	-
XIII.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(15)	-	3,350,857	3,350,857	-	1,993,243	1,993,243
XIV.1 Borrowings		-	3,350,857	3,350,857	-	1,993,243	1,993,243
XIV.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(16)	86,811	218,043	304,854	47,752	121,061	168,813
XVI. SHAREHOLDERS' EQUITY	(17)	4,496,663	(33,299)	4,463,364	3,577,794	10,405	3,588,199
XVI.1 Paid-in capital		2,000,000	-	2,000,000	1,600,000	-	1,600,000
XVI.2 Capital Reserves		209,821	-	209,821	209,757	-	209,757
XVI.2.1 Share Premium		3,747	-	3,747	3,683	-	3,683
XVI.2.2 Share Cancellation Profits		-	-	-	-	-	-
XVI.2.3 Other Capital Reserves		206,074	-	206,074	206,074	-	206,074
XVI.3 Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		(998)	-	(998)	(348)	-	(348)
XVI.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		10,040	(33,299)	(23,259)	4,509	10,405	14,914
XVI.5 Profit Reserves		1,463,876	-	1,463,876	1,262,036	-	1,262,036
XVI.5.1 Legal Reserves		94,604	-	94,604	69,512	-	69,512
XVI.5.2 Status Reserves		-	-	-	-	-	-
XVI.5.3 Extraordinary Reserves		1,315,798	-	1,315,798	1,183,750	-	1,183,750
XVI.5.4 Other Profit Reserves		53,474	-	53,474	8,774	-	8,774
XVI.6 Profit or (Loss)		813,924	-	813,924	501,840	-	501,840
XVI.6.1 Prior Periods' Profit or (Loss)		-	-	-	-	-	-
XVI.6.2 Current Period Profit or (Loss)		813,924	-	813,924	501,840	-	501,840
TOTAL LIABILITIES		8,193,206	40,187,528	48,380,734	4,843,991	23,229,379	28,073,370

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

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Statement of Off-Balance Sheet As of 31 December 2021

(Thousand of Turkish Lira (TL) unless otherwise stated)

II. STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	Notes (Section Five III)	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I-II-III)	(I)	2,387,722	8,442,355	10,830,077	4,822,190	4,407,441	9,229,631
I. GUARANTEES AND WARRANTIES		53,172	2,252,875	2,305,947	54,826	675,850	730,676
1.1. Letters of Guarantee		53,172	1,869,236	1,922,408	54,826	642,008	696,834
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations	1	-	-	1	2	-	2
1.1.3. Other Letters of Guarantee	53,171	1,869,236	1,922,407	54,824	642,008	696,832	-
1.2. Bank Acceptances	-	-	-	-	-	-	-
1.2.1. Import Letter of Acceptance	-	-	-	-	-	-	-
1.2.2. Other Bank Acceptances	-	-	-	-	-	-	-
1.3. Letters of Credit	-	54,972	54,972	-	33,822	33,822	-
1.3.1. Documentary Letters of Credit	-	-	-	-	-	-	-
1.3.2. Other Letters of Credit	-	54,972	54,972	-	33,822	33,822	-
1.4. Prefinancing Given as Guarantee	-	-	-	-	-	-	-
1.5. Endorsements	-	-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey	-	-	-	-	-	-	-
1.5.2. Other Endorsements	-	-	-	-	-	-	-
1.6. Purchase Guarantees on Marketable Security Issuance	-	-	-	-	-	-	-
1.7. Factoring Guarantees	-	-	-	-	-	-	-
1.8. Other Guarantees	-	328,467	328,467	-	-	-	-
1.9. Other Collaterals	-	-	-	-	-	-	-
II. COMMITMENTS	(I,3)	1,916,978	4,052,963	5,969,941	4,752,554	3,692,960	8,445,514
2.1. Irrevocable Commitments		269,737	133,925	403,662	24,399	24,399	-
2.1.1. Asset Purchase and Sale Commitments	32,861	102,069	134,930	-	-	-	-
2.1.2. Deposit Purchase and Sales Commitments	-	-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries	-	-	-	-	-	-	-
2.1.4. Loan Granting Commitments	-	-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments	-	-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements	-	-	-	-	-	-	-
2.1.7. Commitments for Cheques	-	-	-	-	-	-	-
2.1.8. Tax and Fund Liabilities from Export Commitments	-	-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits	-	-	-	-	-	-	-
2.1.10. Commitments for Credit Cards and Banking Services Promotions	-	-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities	-	-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities	-	-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments	236,876	31,856	268,732	24,399	24,399	-	-
2.2. Revocable Commitments	1,647,241	3,919,038	5,566,279	4,732,554	3,668,561	8,421,115	-
2.2.1. Revocable Loan Granting Commitments	1,647,241	3,919,038	5,566,279	4,732,554	3,668,561	8,421,115	-
2.2.2. Other Revocable Commitments	-	-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(I)	417,572	2,136,717	2,554,289	14,810	38,651	53,461
3.1. Hedging Derivative Financial Instruments	-	-	-	-	-	-	-
3.1.1. Transactions for Fair Value Hedge	-	-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge	-	-	-	-	-	-	-
3.1.3. Transactions for Foreign Net Investment Hedge	-	-	-	-	-	-	-
3.2. Trading Transactions	417,572	2,136,717	2,554,289	14,810	38,651	53,461	-
3.2.1. Forward Foreign Currency Buy/Sell Transactions	-	-	-	14,810	38,651	53,461	-
3.2.1.1. Forward Foreign Currency Transactions-Buy	-	-	-	7,424	19,324	26,748	-
3.2.1.2. Forward Foreign Currency Transactions-Sell	-	-	-	7,386	19,327	26,713	-
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates	417,572	2,136,717	2,554,289	-	-	-	-
3.2.2.1. Foreign Currency Swap-Buy	417,572	846,860	1,264,432	-	-	-	-
3.2.2.2. Foreign Currency Swap-Sell	-	1,289,857	1,289,857	-	-	-	-
3.2.2.3. Interest Rate Swap-Buy	-	-	-	-	-	-	-
3.2.2.4. Interest Rate Swap-Sell	-	-	-	-	-	-	-
3.2.3. Foreign Currency, Interest rate and Securities Options	-	-	-	-	-	-	-
3.2.3.1. Foreign Currency Options-Buy	-	-	-	-	-	-	-
3.2.3.2. Foreign Currency Options-Sell	-	-	-	-	-	-	-
3.2.3.3. Interest Rate Options-Buy	-	-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell	-	-	-	-	-	-	-
3.2.3.5. Securities Options-Buy	-	-	-	-	-	-	-
3.2.3.6. Securities Options-Sell	-	-	-	-	-	-	-
3.2.4. Foreign Currency Futures	-	-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy	-	-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell	-	-	-	-	-	-	-
3.2.5. Interest Rate Futures	-	-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy	-	-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell	-	-	-	-	-	-	-
3.2.6. Other	-	-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	11,329,202	95,510,930	106,840,132	5,013,406	43,781,832	48,795,238	-
IV. ITEMS HELD IN CUSTODY	336,689	-	336,689	195,460	-	195,460	-
4.1. Customer Fund and Portfolio Balances	-	-	-	-	-	-	-
4.2. Investment Securities Held in Custody	336,689	-	336,689	195,460	-	195,460	-
4.3. Checks Received for Collection	-	-	-	-	-	-	-
4.4. Commercial Notes Received for Collection	-	-	-	-	-	-	-
4.5. Other Assets Received for Collection	-	-	-	-	-	-	-
4.6. Assets Received for Public Offering	-	-	-	-	-	-	-
4.7. Other Items Under Custody	-	-	-	-	-	-	-
4.8. Custodians	-	-	-	-	-	-	-
V. PLEDGES RECEIVED	10,992,513	95,510,930	106,503,443	4,817,946	43,781,832	48,599,778	-
5.1. Marketable Securities	842,803	-	842,803	587,780	-	587,780	-
5.2. Guarantee Notes	29,532	6,872,286	6,901,818	13,406	4,316,246	4,329,652	-
5.3. Commodity	-	-	-	-	-	-	-
5.4. Warranty	-	-	-	-	-	-	-
5.5. Immovable	9,711,005	72,054,301	81,765,306	3,779,752	28,079,463	31,859,215	-
5.6. Other Pledged Items	167,279	12,667,237	12,834,516	166,364	8,767,569	8,933,933	-
5.7. Pledged Items Depository	241,894	3,917,106	4,159,000	270,644	2,618,554	2,889,198	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)	-	13,716,924	103,953,285	117,670,209	9,835,596	48,189,273	58,024,869

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Unconsolidated Statement of Profit or Loss For the Year Ended 31 December 2021

(Thousand of Turkish Lira (TL) unless otherwise stated)

III. STATEMENT OF PROFIT OR LOSS	Notes (Section Fine IV)	Audited	
		Current Period 1 January-31 December 2021	Prior Period 1 January-31 December 2020
INCOME AND EXPENSE ITEMS			
I. INTEREST INCOME	(1)	2,220,127	1,216,379
1.1 Interest on Loans		1,373,963	811,131
1.2 Interest on Reserve Requirements		-	-
1.3 Interest on Banks		372,703	135,705
1.4 Interest on Money Market Transactions		139,605	81,075
1.5 Interest on Marketable Securities Portfolio		333,814	188,423
1.5.1 Fair Value Through Profit or Loss		-	-
1.5.2 Fair Value Through Other Comprehensive Income		181,250	102,497
1.5.3 Measured at Amortised Cost		152,564	85,926
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		42	45
II. INTEREST EXPENSE (-)	(2)	(843,289)	(479,089)
2.1 Interest on Deposits		-	-
2.2 Interest on Funds Borrowed		(772,495)	(465,361)
2.3 Interest Expense on Money Market Transactions		(40,799)	(5,766)
2.4 Interest on Securities Issued		-	-
2.5 Measured at Amortised Expense		(2,394)	(3,061)
2.6 Other Interest Expenses		(27,601)	(4,901)
III. NET INTEREST INCOME (I - II)		1,376,838	737,290
IV. NET FEES AND COMMISSIONS INCOME		39,134	20,623
4.1 Fees and Commissions Received		55,094	31,144
4.1.1 Non-cash Loans		15,562	3,705
4.1.2 Other		39,532	27,439
4.2 Fees and Commissions Paid		(15,960)	(10,521)
4.2.1 Non-cash Loans		-	-
4.2.2 Other		(15,960)	(10,521)
V. DIVIDEND INCOME	(3)	105,974	5,556
VI. TRADING PROFIT / (LOSS) (Net)	(4)	69,216	10,063
6.1 Trading Gains / (Losses) on Securities		20,338	5,987
6.2 Gains / (Losses) on Derivative Financial Transactions		(744)	(63,527)
6.3 Foreign Exchange Gains / (Losses)		49,622	67,603
VII. OTHER OPERATING INCOME	(5)	106,177	176,300
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		1,697,339	949,832
IX. EXPECTED CREDIT LOSS (-)	(6)	(488,182)	(165,985)
X. OTHER PROVISION EXPENSE (-)	(6)	(44,132)	(36,230)
XI. PERSONNEL EXPENSE (-)		(93,757)	(81,135)
XII. OTHER OPERATING EXPENSES (-)	(7)	(59,661)	(45,710)
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		1,011,607	620,772
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XV. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(9)	1,011,607	620,772
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (a)	(10)	(197,683)	(118,932)
18.1 Current Tax Provision		(256,415)	(143,198)
18.2 Deferred Tax Income Effect (+)		-	-
18.3 Deferred Tax Expense Effect (-)		58,732	24,266
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII+XVIII)	(11)	813,924	501,840
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from Non-current Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses for Other Discontinued Operations		-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (a)		-	-
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII+XXIII)		-	-
XXV. NET PROFIT/(LOSS) (XIX+XXIV)	(12)	813,924	501,840
Earning/(Loss) per share (in TL full)		0.005	0.006

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Unconsolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2021
 (Thousand of Turkish Lira (TL) unless otherwise stated)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited Current Period 1 January-31 December 2021	Audited Prior Period 1 January-31 December 2020
I. CURRENT PERIOD PROFIT/LOSS	813.924	501.840
II. OTHER COMPREHENSIVE INCOME	(38.823)	(21.790)
2.1 Not Reclassified to Profit or Loss	(650)	(500)
2.1.1 Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	(813)	(625)
2.1.4 Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	163	125
2.2 Reclassified to Profit or Loss	(38.173)	(21.290)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(56.766)	(26.571)
2.2.3 Cash Flow Hedge Income/Loss	-	-
2.2.4 Foreign Net Investment Hedge Income/Loss	-	-
2.2.5 Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	18.593	5.281
III. TOTAL COMPREHENSIVE INCOME (I+II)	775.101	480.050

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


TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Unconsolidated Statement of Changes in Shareholders' Equity For the Year Ended 31 December 2021

(Thousand of Turkish Lira (TL) unless otherwise stated)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Paid-in Capital	Share Premium	Share Certificate Cancel Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Profit Reserves	Prior Period Net Income/(Loss)	Current Period Net Income/(Loss)	Total Equity
						1	2	3	4	5	6				
PRIOR PERIOD															
31 December 2020															
I.	Balance at the beginning of the period	850.000	1.983	-	206.074	-	152	-	-	36.204	-	682.612	579.388	-	2.356.413
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)	850.000	1.983	-	206.074	-	152	-	-	36.204	-	682.612	579.388	-	2.356.413
IV.	Total comprehensive income (loss)	-	-	-	-	-	(500)	-	-	(21.290)	-	-	-	501.840	480.050
V.	Capital increase in cash	750.000	-	-	-	-	-	-	-	-	-	-	-	-	750.000
VI.	Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	1.700	-	-	-	-	-	-	-	-	36	-	-	1.736
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	579.388	(579.388)	-	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	579.388	(579.388)	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances (III+IV+.....+X+XI)		1.600.000	3.683	-	206.074	-	(348)	-	-	14.914	-	1.262.036	-	501.840	3.588.199
CURRENT PERIOD															
31 December 2021															
I.	Balance at the beginning of the period	1.600.000	3.683	-	206.074	-	(348)	-	-	14.914	-	1.262.036	501.840	-	3.588.199
II.	Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New balance (I+II)	1.600.000	3.683	-	206.074	-	(348)	-	-	14.914	-	1.262.036	501.840	-	3.588.199
IV.	Total comprehensive income (loss)	-	-	-	-	-	(650)	-	-	(38.173)	-	-	-	813.924	775.101
V.	Capital increase in cash	100.000	64	-	-	-	-	-	-	-	-	-	-	-	100.064
VI.	Capital increase through internal reserves	300.000	-	-	-	-	-	-	-	-	-	(300.000)	-	-	-
VII.	Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution	-	-	-	-	-	-	-	-	-	-	501.840	(501.840)	-	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	501.840	(501.840)	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances (III+IV+.....+X+XI)		2.000.000	3.747	-	206.074	-	(998)	-	-	(23.259)	-	1.463.876	-	813.924	4.463.364

1. Tangible and Intangible Assets Revaluation Reserve,

2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans,

3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss),

4. Exchange Differences on Translation,

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,

6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss).

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


TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Unconsolidated Statement of Cash Flows For the Year Ended 31 December 2021

(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. STATEMENT OF CASH FLOWS			
	Notes (Section Five)	Audited Current Period 1 January-31 December 2021	Audited Prior Period 1 January-31 December 2020
A. CASH FLOWS FROM BANKING OPERATIONS			
I.1 Operating Profit Before Changes in Operating Assets and Liabilities	(1)	752.396	416.626
1.1.1 Interest Received		1.823.220	1.107.399
1.1.2 Interest Paid		(563.668)	(405.200)
1.1.3 Dividend Received		105.975	5.556
1.1.4 Fees and Commissions Received		55.094	31.144
1.1.5 Other Income		135.355	132.900
1.1.6 Collections from Previously Written-off Loans and Other Receivables		22.463	36.348
1.1.7 Payments to Personnel and Service Suppliers		(100.209)	(101.430)
1.1.8 Taxes Paid		(289.631)	(148.316)
1.1.9 Other	(1)	(436.203)	(241.775)
I.2 Changes in Operating Assets and Liabilities	(1)	(393.755)	1.438.110
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		74.760	(8.664)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		-	-
1.2.3 Net (increase) / decrease in loans		(3.097.730)	(838.995)
1.2.4 Net (increase) / decrease in other assets		(43.991)	7.009
1.2.5 Net increase / (decrease) in bank deposits		-	-
1.2.6 Net increase / (decrease) in other deposits		-	-
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		1.210.921	1.807.371
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities	(1)	1.462.285	471.389
I. Net Cash Provided from Banking Operations	(1)	358.641	1.854.736
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		(1.861.246)	(229.210)
2.1 Cash paid for acquisition of investments, associates and subsidiaries		(1.200)	(1.850)
2.2 Cash obtained from disposal of investments, associates and subsidiaries		8.574	-
2.3 Purchases of property and equipment		(2.724)	(5.202)
2.4 Disposals of property and equipment		77.303	171.521
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(4.214.092)	(444.812)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		2.383.699	235.725
2.7 Purchase of Financial Assets Measured at Amortised Cost		(114.880)	(190.044)
2.8 Sale of Financial Assets Measured at Amortised Cost		10.175	26.602
2.9 Other		(8.101)	(21.150)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities	(1)	93.122	743.246
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Equity Instruments		100.064	750.000
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(6.942)	(6.754)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(1)	614.449	217.938
V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		(795.034)	2.586.710
VI. Cash and Cash Equivalents at the Beginning of the Period	(2)	5.057.279	2.470.569
VII. Cash and Cash Equivalents at the End of the Period	(3)	4.262.245	5.057.279

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Statement of Profit Distribution For the Year Ended 31 December 2021

(Thousand of Turkish Lira (TL) unless otherwise stated)

VII. STATEMENT OF PROFIT DISTRIBUTION			
		Audited Current Period 1 January-31 December 2021 (*)	Audited Prior Period 1 January-31 December 2020
I. DISTRIBUTION OF CURRENT YEAR INCOME			
1.1 CURRENT YEAR INCOME		1.011.607	620.772
1.2 TAXES AND DUTIES PAYABLE(-)		(197.683)	(118.932)
1.2.1 Corporate Tax (Income tax)		(256.415)	(143.198)
1.2.2 Income withholding tax		-	-
1.2.3 Other taxes and duties		58.732	24.266
A. NET INCOME FOR THE YEAR (1.1-1.2)		813.924	501.840
1.3 PRIOR YEARS LOSSES (-)		-	-
1.4 FIRST LEGAL RESERVES (-)		-	(25.092)
1.5 OTHER STATUTORY RESERVES (-)		-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]		813.924	476.748
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1 To owners of ordinary shares		-	-
1.6.2 To owners of preferred shares		-	-
1.6.3 To owners of preferred shares (preemptive rights)		-	-
1.6.4 To profit sharing bonds		-	-
1.6.5 To holders of profit and loss sharing certificates		-	-
1.7 DIVIDENDS TO PERSONNEL (-)		-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.9.1 To owners of ordinary shares		-	-
1.9.2 To owners of preferred shares		-	-
1.9.3 To owners of preferred shares (preemptive rights)		-	-
1.9.4 To profit sharing bonds		-	-
1.9.5 To holders of profit and loss sharing certificates		-	-
1.10 SECOND LEGAL RESERVES (-)		-	-
1.11 STATUTORY RESERVES (-)		-	-
1.12 GENERAL RESERVES ^(**)		-	432.048
1.13 OTHER RESERVES		-	44.700
1.14 SPECIAL FUNDS		-	-
II. DISTRIBUTION OF RESERVES			
2.1 APPROPRIATED RESERVES		-	-
2.2 SECOND LEGAL RESERVES (-)		-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1 To owners of ordinary shares		-	-
2.3.2 To owners of preferred shares		-	-
2.3.3 To owners of preferred shares (preemptive rights)		-	-
2.3.4 To profit sharing bonds		-	-
2.3.5 To holders of profit and loss sharing certificates		-	-
2.4 DIVIDENDS TO PERSONNEL (-)		-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III. EARNINGS PER SHARE^(***)			
3.1 TO OWNERS OF ORDINARY SHARES		0,005	0,006
3.2 TO OWNERS OF ORDINARY SHARES (%)		0,5	0,6
3.3 TO OWNERS OF PRIVILEGED SHARES		-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1 TO OWNERS OF ORDINARY SHARES		-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3 TO OWNERS OF PRIVILEGED SHARES		-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)		-	-

(*) Since the dividend distribution proposal for 2021 to be submitted to the General Assembly for approval has not yet been prepared by the Board of Directors, only the distributable profit amount is specified in the 2021 dividend distribution table.

(**) The profit of 2020 was transferred to extraordinary reserves and other profit reserves with the decision of the General Assembly.

(***) Shown with full TL amount.

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


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SECTION THREE
ACCOUNTING POLICIES
I. Explanations on Basis of Presentation:
a. The preparation of financial statements and related notes according to Turkish Accounting Standards and Regulation on the Procedures And Principles Regarding Banks Accounting Practices and Maintaining Documents:

As prescribed in the Article 37 of the Banking Act No. 5411, the Bank prepares its financial statements and underlying documents in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks" and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency ("BRSA") and Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") except for matters regulated by BRSA legislation (together referred as "BRSA Accounting and Reporting Legislation").

In accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements as of 31 December 2021", published in the Official Gazette No. 30673, dated 1 February 2019, accompanying financial statements are aligned with latest financial statement format.

b. Changes in accounting policies and disclosures:

TAS / TFRS changes, which entered into force as of 1 January 2021, do not have a significant effect on the accounting policies, financial status and performance of the Bank. TAS and TFRS changes, which were published but not put into effect as of the final date of the financial statements, will not have a significant effect on the accounting policies, financial status and performance of the Bank. In addition, the Indicator Interest Rate Reform - 2nd Stage, bringing changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published in December 2020 and early implementation of the changes is allowed. With the amendments made, certain exceptions are provided for the basis used in determining contractual cash flows and the provisions of hedge accounting. The changes are not considered to have a significant impact on the Bank's financials. On the other hand, the Indicative Interest Rate Reform process continues for some indicators and, the Bank continues to work within the scope of adaptation to the changes.

In accordance with the announcement dated 20 January 2022 made by the POA, since the cumulative change in the general purchasing power of the last three years is 74.41% according to the Consumer Price Index ("CPI"), it has been stated that companies applying TFRS will not need to make any adjustments in their financial statements for 2021 within the scope of the TAS 29 Financial Reporting Standard in Hyperinflationary Economies. For this reason, while preparing the financial statements as of 31 December 2021, no inflation adjustment was made according to TAS 29.

c. Other issues:

The new coronavirus disease (COVID-19), which emerged in the People's Republic of China in the end of December 2019 and spread to other countries, was declared as a pandemic on 11 March 2020 by the World Health Organization. In order to keep the negative economic effects of the epidemic to minimum, some measures are taken both in our country and around the world. The effects of these developments on the Bank's financial status and activities are closely monitored by the relevant units and the Bank's Top Management.

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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
II. Basis of Valuation Used in the Preparation of Financial Statements:

Accounting policies for the preparation of financial statements and valuation principles used are applied in accordance with BRSA Accounting and Reporting Legislation.

Those accounting policies and valuation principles are explained below notes through II - XXIII.

Except for the financial assets and liabilities carried at fair value, the unconsolidated financial statements have been prepared in thousand of Turkish Lira ("TL") under the historical cost.

III. Explanations on Utilization Strategy of Financial Instruments and Foreign Currency Transactions:

Most of the liabilities of the balance sheet of the Bank consists of funds obtained from domestic and international markets. The majority of funds obtained domestically consists of funds provided by Central Bank of the Republic of Turkey, Export Credit Bank of Turkey, international institutions such as World Bank, Islamic Development Bank and German Development Bank via Republic of Turkey Ministry of Treasury and Finance and budget originated funds and the rest consists of funds provided through short-term money market transactions within the framework of balance sheet management. The Bank acts as an intermediary for those funds provided by the Republic of Turkey Ministry of Treasury and Finance to be utilized in various sectors. The funds obtained internationally consist of medium- and long-term loans borrowed from World Bank, European Investment Bank, Council of European Development Bank, Islamic Development Bank, Japan International Corporation Bank, Black Sea Trade and Development Bank, Industrial and Commercial Bank of China, Asian Infrastructure Investment Bank and German Development Bank.

During the utilization of the funds obtained, the Bank pays attention for utilization of loans in line with borrowing conditions while taking assets-liability mismatch into account, and tries to avoid maturity, exchange rate and liquidity risks. Exchange rate risk, interest rate risk and liquidity risk are measured and monitored on a regular basis, necessary measures are taken as a result of changes in the market data and balance sheet management is performed within the predetermined risk limits and legal limits.

A non-speculative exchange rate position risk management is applied to limit the Bank's exchange rate risk. For that reason, during the determination of the allocation of balance sheet and off-balance sheet assets according to currencies, foreign currency management policy is applied in the most effective way.

Commercial placements are directed to high-profit and low-risk assets by taking Bank-specific and domestic economic expectations, market conditions, expectations and inclinations of loan customers, risks like interest, liquidity, exchange rate etc. into account, and safety policy is kept in the foreground for placement activities. Basic macro goals concerning balance sheet sizes are determined during budgeting and the transactions are carried out according to work programs prepared in this context.

The exchange rates, interest and price movements are closely monitored; transaction and control limits that are developed from the Bank's previous experiences are based on when taking positions as well as legal limits. In this way, limit excesses are prevented.

During foreign currency transactions, procedures detailed below are applied.

- Foreign currency monetary assets and liabilities are translated to Turkish Lira (TL) with the buying exchange rates announced by the Bank at the end of period and foreign exchange differences are accounted as foreign exchange gain or loss.
- There is no exchange rate differences capitalized as of the balance sheet date.
- Basic principles of exchange rate risk management policy: Decisions to avoid exchange rate and parity risks are taken by the Asset- Liability Committee that meets regularly. The decisions are in line with the models prepared in the context of the basic boundaries of Foreign Currency Net General Position/Shareholders' Equity Ratio which is included in legal requirements, and those decisions are carried out carefully. To avoid parity risk, foreign exchange position is managed by taking singular and general positions.
- Foreign currency transactions are calculated using the exchange rates prevailing at the dates of transactions and the profit/losses are included in the statement of profit or loss of the related period.



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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IV. Explanations on Associates and Subsidiaries :

Associates and subsidiaries are accounted at cost in the unconsolidated financial statements and if any, provisions for impairment losses are deducted in accordance with TAS 27.

V. Explanations on Futures, Options Contracts and Derivative Instruments:

Derivative transactions of the Bank mainly consist of forward foreign currency purchase and sale and currency swap transactions. The Bank has no derivative instruments that can be separated from the host contract.

Derivative instruments are classified as “Derivative Financial Assets at Fair Value Through Profit or Loss” or “Derivative Financial Assets at Fair Value Through Other Comprehensive Income” within the scope of TFRS 9 Financial Instruments. Derivative financial instruments are recorded with the fair value at the date of agreement and revalued at fair value in the following reporting periods. Depending on whether the valuation difference is negative or positive, these differences are shown in the relevant accounts in the balance sheet. Receivables and liabilities arising from derivative transactions are recorded in off-balance sheet accounts over their contract amounts. Differences in the fair value of derivative transactions at fair value through profit or loss are accounted for under profit/loss from derivative financial transactions in the trading profit/loss item in the statement of profit or loss.

VI. Explanations on Interest Income and Expenses:

Interests are recorded according to the effective interest rate method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities).

If a financial asset possesses on uncollected interest accrual before its acquisition by the Bank, interest collected afterwards is separated into periods such as before its acquisition and after acquisition, and only the part of after acquisition is recognized as interest income on the statement of profit or loss.

The Bank does not cancel the interest accruals and discounts of loans and other receivables that have become non-performing loans within the framework of the effectuated in 1 January 2018 “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette dated 22 June 2016 and numbered 29750 and monitors said amounts in interest income. Within the scope of TFRS 9 methodology, the expected loss provision is calculated based on the interest accruals and discounts added amounts.

VII. Explanations on Fees and Commission Income and Expenses:

Fees and commissions received from cash loans, that are not attributable to interest rates applied, and fees for banking services are recorded as income on the date of collection. Fees and commissions paid for the funds borrowed, which are not attributable to interest rates of the funds borrowed, are recorded as expense on the date of the payment. All other commission and fee income and expenses, are recorded on an accrual basis. Earnings in return of agreements or as a result of services provided for real or legal third parties for purchase or sale of assets are recorded as income when collected.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Financial Assets:

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

The Bank adds its financial assets to the financial statements in accordance with the provisions of the “Importing and Excluding the Financial Statements” section of the TFRS 9 Standard and subtracts them from the financial statements.

Financial assets are included in the statement of financial status when they become a party to the terms of the contract related to the financial asset and measured at fair value for the first time (excluding trade receivables under TFRS 15 Customer Contracts Revenue).

In accordance with the classification provisions of the TFRS 9 Financial Instruments Standard, on the basis of the following matters financial assets are measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss by:

- The business model used by the entity for the management of financial assets,
- Properties of contractual cash flows of a financial asset.

Business Model Test and Cash Flow Characteristics Test are performed to determine the classification of financial assets. Purchase and sale transactions of these financial assets are accounted according to their “delivery date”. The classification of financial assets is decided on the date of their acquisition, taking into account “Testing of Contractual Cash Flows Only Interest and Principal and Evaluation of Business Model”. When the business model used for the management of financial assets is changed, all financial assets affected by this change are reclassified.

Financial Assets Measured at Fair Value through Profit and Loss:

Financial assets whose fair value differences are reflected in profit / loss are mainly for short-term securities acquired for the purpose of being sold or bought back in the near future.

Financial assets whose fair value difference is reflected in profit / loss are reflected to the balance sheet at their cost values and are subject to valuation at fair value following their recording. Fair values for securities traded on Borsa Istanbul (BIST) are found using the weighted average clearing prices formed on BIST at the balance sheet date.

Gains or losses resulting from the valuation of financial assets whose fair value difference is reflected in profit / loss are reflected in profit / loss accounts. The positive difference between the acquisition cost and discounted value during the holding of financial assets for trading purposes is recorded in “Interest Income”, if the fair value of the asset is above its discounted value, the positive difference is recorded in the “Capital Market Transactions Profits” account and if it is below, the negative difference is recorded in the “Capital Market Transactions Losses” account.


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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
VIII. Explanations on Financial Assets (Continued):
Financial Assets Measured at Fair Value Through Other Comprehensive Income:

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

Financial assets measured at fair value through other comprehensive income are initially recognized at cost including the transaction costs. After initial recognition, valuation of the financial assets at fair value through other comprehensive income is based on fair value. For securities traded on Borsa İstanbul (BIST), fair values are found by using the weighted average settlement prices in BIST at the balance sheet date. In the case a price does not occur in an active market, it is accepted that fair value cannot be reliably determined and amortised cost which is calculated by using the effective interest rate method is accepted as the fair value.

The difference between the cost and fair value is accounted as interest income accrual or impairment loss. Interest income for financial assets measured at fair value through other comprehensive income with fixed or floating interest rate shows the difference between cost and amortised cost calculated by using the effective interest rate method and accounted for as interest income from marketable securities. Unrealized gains and losses arising from changes in fair value of the financial assets measured at fair value through other comprehensive income and which are denoting the difference between fair value and amortised cost of financial assets, are recognized in the "Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss" and amounts accounted for under equity are reflected to income statement when financial assets are sold.

Equity Instruments Measured at Fair Value Through Other Comprehensive Income:

During the first registration an irreversible preference can be made about reflecting the changes in the fair value of the investment in an equity instrument within the scope of TFRS 9, which are not held for commercial purposes or that are not contingent on the financial statements of the acquirer in a business combination where the TFRS 3 Business Combinations standard is applied in the other comprehensive income. The choice in question is made separately for each financial instrument.

The relevant fair value differences recognized in the other comprehensive income statement are not transferred to profit or loss in the following periods, but are transferred to previous periods' profit / loss. Dividends from such investments are included in the financial statements as profit or loss unless they are explicitly a part of the investment cost recovery. TFRS 9 impairment provisions are not valid for equity investments.

Equity securities representing a share in the capital, which are classified as financial assets at fair value through other comprehensive income, are accounted with their fair values if they are traded in organized markets, and/or their fair value can be determined reliably. However, the cost may be an appropriate estimation method for determining fair value in some exceptional circumstances. This may be the case if there is not enough recent information on fair value measurement or if fair value can be measured by more than one method and the cost best reflects the fair value estimation among these methods.

Financial Investments Measured at Amortised Cost and Loans:
Financial Investments Measured at Amortised 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 amortised cost are subsequently measured at amortised cost by using effective interest rate method, and they are accounted for by setting forth provision for impairment loss or by posting interest income accrual. Interests received from financial assets measured at amortised cost are recognized as interest income.

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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
VIII. Explanations on Financial Assets (Continued):
Loans

Loans represent unquoted financial assets in an active market that provide money, goods or services to the debtor with fixed or determinable payments.

Loans are initially recognized with cost and carried at amortised cost calculated using the effective interest rate method at the subsequent periods. Transaction fees, dues and other expenses paid for loan guarantees are considered as a part of the transaction cost and reflected to the customers.

Cash loans granted by the Bank consist of investment and working capital loans and loans given through banks and leasing companies (APEX method).

Foreign currency indexed loans are converted into Turkish Lira with the exchange rate on the opening date and followed in Turkish Currency accounts. Repayments are calculated by using the exchange rates at the repayment dates and exchange differences are recognized under the foreign currency income and expense accounts.

The loan portfolio is regularly monitored by the Bank's management and if there are any suspicions about the inability to collect the loans granted, the loans accepted as troubled and are classified in accordance with Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside published in the Official Gazette dated 22 June 2016 and numbered 29750 and the latest changes dated 18 October 2018 and numbered 30569 and TFRS 9.

With Türkiye Kalkınma ve Yatırım Bankası A.Ş. Law dated 24 October 2018 and numbered 7147, the first paragraph of the Article 53 of the Banking Law No: 5411 is decided not to be enforced to the Bank and the Bank's Board of Directors is stated to determine the procedures and principles regarding the classification, monitoring, follow-up, provision ratios and collaterals of loans. In this context the Bank has decided to perform the classification and provisioning of loans in accordance with the TFRS 9 Standard and the Regulation on Provisions and Principles Regarding the Classification of Loans and Provisions to be Set Aside.

Cash and Cash Equivalents:

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

IX. Explanations on Impairment of Financial Assets:

As of 1 January 2019, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside. In this framework, the method of allocating credit provisions applied within the framework of the relevant legislation of BRSA has been replaced with the expected credit loss model.

Expected credit loss (ECL) model is used for instruments (such as bank deposits, loans and leasing receivables) recorded in other comprehensive income statement over amortized cost or fair value, and in addition, for financial lease receivables that cannot be measured at fair value through profit / loss, contract assets, credit commitments, and financial guarantee contracts.

The guiding principle of the ECL model is to reflect the general outlook of the increase or improvement in credit risk of financial instruments. The amount of ECLs defined as loss provision or provision depends on the degree of increase in credit risk since the loan was first issued.



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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Impairment of Financial Assets (Continued):

Within the scope of TFRS 9 Financial Instruments, three basic factors regarding the measurement of expected credit loss are taken into consideration. These,

- (a) the amount weighted according to the neutrality and probabilities determined by evaluating the possible outcome range,
- (b) time value of money
- (c) reasonable and supportable information on past events, current conditions and forecasts of future economic conditions that can be obtained without incurring excessive cost or effort as of the reporting date.

Taking into consideration these three factors, the Bank's historical data is modeled and the expected loss amount is calculated for each loan. Since the expected loss represents the future value, the present value of this amount is calculated with the discounting factor.

In order to reflect the changes in credit risk since the initial recognition of credit risk, the loss provision is updated at each reporting date in which the expected loss calculations are performed.

The Bank assesses whether there has been a significant increase in credit risk in the financial instrument for the first time since it was included in the financial statements. In making this assessment, the Bank uses the change in default risk during the expected life of the financial instrument. To make this assessment, the Bank compares default risk related to the financial instrument as of the reporting date and the default risk related to the financial instrument for the first time in the financial statements and takes into consideration reasonable and supportable information which can be obtained without incurring excessive costs or efforts and is reasonable indication of significant increases in credit risk since its introduction for the first time.

In the TFRS 9 impairment, a 3-step approach is used in which the credit risk level increases at each stage:

Stage 1: It refers to all accounts that have not shown any deterioration in credit quality since the loan was issued. All accounts defined as having low credit risk will be classified as Stage 1 without periodically checking whether there is a significant increase in credit risk. A 12-month provision calculation is performed for all accounts classified in Stage 1.

Stage 2: Refers to all accounts showing significant deterioration in credit quality since the loan was issued. For all accounts classified in Stage 2, lifetime provision calculations are performed.

Stage 3: Refers to all impaired assets. For all accounts classified in Stage 3, lifetime provision calculations are performed.

Financial assets in Basket 3 might be evaluated individually in the current provision calculations made by the Bank, and final evaluation is made by the Board of Directors together with their justifications. In this context, the Bank has allocated additional provisions for customers whose impacts are considered to be high, by making individual valuations in the calculation of expected credit losses.

TFRS 9 requires a 12-month compensation for all loans in stage 1, and a lifetime provision for all remaining loans.

Significant Increase in Credit Risk

If the customers classified as Stage 1 meet the following criteria, it has been decided by the Bank to be classified under Stage 2:

- The number of delay days of the customer is over 30
- Restructuring of the debtor with financial difficulties by granting concession
- Customer has close monitoring criteria
- There is a 35 percent or more decrease in the quantitative score to be calculated by considering the end-of-year financial statements for the customer every year, and the score in question drops below 40 (a significant increase criterion in credit risk).

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Impairment of Financial Assets (Continued):

Significant Increase in Credit Risk (Continued):

Customers are periodically evaluated (at least once a year) and their ratings are updated in order to evaluate the criterion of significant increase in credit risk. The evaluation period is shortened for the borrowers for whom a significant deterioration signal is received in credit risk during the year.

Classification criteria under Stage 2 work for all bank customers, in addition, in case of negative market intelligence, classification can be made under Stage 2. This process continues under TFRS 9. The classification rules determined within the scope of TFRS 9 work for all portfolios.

Treasury and Banks portfolios are among the low default portfolios, and it is decided by the Bank to classify the assets in this portfolio under Stage 1 until an opposite assessment is made.

The decrease of customer rating score calculated according to the credit rating model used within the bank for the quantitative criteria related to the significant deterioration in the credit risk specified in Article 4 of the provisions regulation regarding the classification of the loans, by 35 percent and above, and the fall of score in question below 40, is determined by the Bank as the criterion of significant deterioration. In addition to these criterias, the restructuring applied to the customer who has financial difficulties specified in Article 7 of the Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside is used as a classification criterion under Stage 2.

Definition of Default

When defining the default for the purpose of determining the default risk according to TFRS 9, the entity uses a default definition consistent with the definition used for the credit risk management purposes of the related financial instrument and, if appropriate, takes into account qualitative indicators (e.g. financial commitments). However, unless the entity has reasonable and supportable information that reveals that default will occur when there is a longer delay, there is an otherwise demonstrable pre-acceptance that the default will not occur after the financial instrument expires after 90 days. The definition of default used for these purposes is applied consistently to all financial instruments unless information that proves that another definition of default is more appropriate for a particular financial instrument is available. " According to the article, the definition of default is used within the scope of modeling.

The definition of default used in the Bank is as follows:

- Customers with more than 90 days of delay (The number of customer delay days represents the highest number of delay days of the customer's existing loans on the relevant reporting date.)
- Compensation of the letter of guarantee received by the bank for collateral
- Customers considered to be at high risk by the bank

With the BRSA's decisions numbered 8948 dated 17 March 2020, numbered 8970 dated 27 March 2020, numbered 9312 dated 8 December 2020 and numbered 9624 dated 17 June 2021, within the scope of the 4th and 5th articles of the Regulation on Provisions and Principles Regarding the Classification of Loans and Provisions to be Set Aside, the 30 days delay period foreseen for classification in the Stage 2 is allowed to be applied as 90 days and the 90 days delay period foreseen to be classified as non-performing loans is allowed to be applied as 180 days. As stated in the relevant decisions, the Bank allocated provisions according to its own risk model for the loans within the scope of this application, which will be valid until 30 September 2021. With the BRSA's decision numbered 9795 dated 16 September 2021, this practice is terminated as of the end of 30 September 2021, but as of 1 October 2021, the application is decided to be continued in the same way for loans with a delay period of more than 31 days but not exceeding 90 days and for loans with a delay period of more than 91 days but not exceeding 180 days. As of 1 October 2021, the Bank carries out the classification procedures in line with the BRSA board decision.


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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
IX. Explanations on Impairment of Financial Assets (Continued):
12 Month Expected Loss

12-month loan loss corresponds to a part of the expected loan loss that may arise from the possible default status of the loan within 12 months of the reporting date.

Lifetime Expected Loss

Lifetime losses arise from all possible default events that may occur during the expected life span of the financial instrument after the reporting date. Life expectancy is related to the maturity of the financial instrument.

One of the risk parameters to be used in calculating the provision amounts to be set as per TFRS 9 is the Probability of Default (PD) information. Probability of Default refers to the possibility of a live loan falling into default. PD calculation is carried out by considering past data, current conditions and prospective macroeconomic expectations.

Specifically, while calculating PD, qualitative, quantitative scores, sector, bank degree and macro effect are taken into account. For the company whose quantitative evaluation is made, an objective score is produced between 0 and 100. The sector in which the company operates is determined in accordance with the NACE code (Statistical Classification of European Community Economic Activities; a reference resource for the purpose of producing and disseminating statistics on economic activities in Europe).

After the qualitative and quantitative scores of the company are determined, the mentioned points are weighted according to the company scale and the company's score is calculated.

Banks, on the other hand, are ranked objectively by considering various criteria, namely capital, asset quality, liquidity, profitability, income-expenditure structure and capacity.

Finally, for the macro effect, a volatility index is calculated first, and then variables that act in parallel and play a role in the measurement of crisis probabilities before sudden financial shocks are identified. Afterwards, the index is created by weighting the determined variables according to the success rate.

The macro effect ultimately applied to the customer scores by the Bank is the macro note calculated on the company grade (non-macro score) calculated as a result of qualitative (partnership information, group of companies, etc.) and quantitative (liquidity, financial structure, profitability etc.) assessment of each customer. In line with the customer's score, corrections are applied. In this context, studies to determine pioneering vulnerability indicators of Turkey's economy are made and by the Bank it has been identified that some of the variables derived from various areas of the economy successfully predicted crisis periods in advance. This prediction has been accepted by the Bank as the threshold values are exceeded and the signal is produced starting at least 12 months before the crisis.

In order to obtain the macroeconomic score, which is calculated by considering the positive and negative scenarios as well as the base scenario value, values are calculated at a certain margin in accordance with the distribution of the series for positive and negative scenario values from the index values distributed between 0-100 and averaged over 12 months.

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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
IX. Explanations on Impairment of Financial Assets (Continued):

Due to the COVID-19 epidemic, which has influenced the whole world, since mid-March 2020, many enterprises have suspended their operations for a certain period or certain sectors have been restricted within the framework of measures taken to create remote working conditions. The Bank analyzed the effects of COVID-19 to the sectors which the loans in the loan portfolio are used and updated the sector parameters with the assumption that the foreseen risk was not systematic and reflected the epidemic effect to TFRS 9 parameters by considering the relationships between TFRS 9 parameters and sectoral risk level. The forecasts and expected effects regarding the epidemic are reviewed regularly by the Bank.

X. Explanations on Offsetting of Financial Assets and Liabilities:

Financial assets and liabilities are offset on balance sheet when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously.

XI. Explanations on Sales and Repurchase Agreements and Lending of Securities:

Securities sold in repurchase agreements (repo) are followed in the balance sheet accounts in line with Uniform Chart of Accounts. Accordingly, the government bonds and treasury bills sold to the clients in the context of repurchase agreements are classified as "Subject to Repurchase Agreements" and are valued at fair values or at discounted values using effective interest rate method according to the holding purposes in the Bank portfolio. Funds gained by repurchase agreements are shown separately in the liability accounts and interest expense accrual is calculated for these funds.

Securities that were purchased to resell commitment (reverse repurchase agreements) are shown as a line item under 'Money Market Placements' line. For the difference between the purchase of securities and resale prices of the reverse repo agreements for the period; income accrual is calculated using the effective interest rate method. There are no marketable securities lending transactions.


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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
XII. Explanations on Fixed Assets Held for Sale and Discontinued Operations and Related Liabilities:

Assets that are classified as held for sale (or the disposal group) are measured at the lower of its carrying amount and fair value less costs to sell. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer.

Also, the asset should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets (or the disposal group) are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the assets. The Bank has no assets classified as held for sale.

A discontinued operation is a component that either has been disposed of or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement. The Bank has no discontinued operations.

XIII. Explanations on Goodwill and Other Intangible Assets:

As at the balance sheet date, there is no goodwill recorded in the unconsolidated balance sheet of the Bank.

Intangible fixed assets first are carried at cost which includes acquisition costs and other direct costs bearded necessary for the assets to become ready for use. Subsequent to recognition, intangible assets are presented in financial statements at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization is charged on a straight-line basis over their estimated useful lives which is 33,33%. Useful life of other intangible assets are determined by the consideration of items like expected usage period of the asset, technical, technological or other kind of obsolesce and maintenance costs incurred to obtain economic benefit from the assets.

Expenses related to existing computer software and computer software improvement that enhance original content and useful life, are capitalized over the software. Those capitalized expenses are amortised over the remaining useful life of the related assets using the "straight line method".

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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
XIV. Explanations on Tangible Fixed Assets:

Tangible fixed assets are carried at cost which includes acquisition costs and other direct costs bared necessary for the assets to become ready for use, and if results of appraisal reports exceed the costs, they are not subject to any revaluation. Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and accumulated impairment losses, if any.

The Bank's tangible fixed assets purchased before 1 January 2005 are carried at restated cost in the balance sheet before 31 December 2004 and its tangible fixed assets that are purchased subsequently are valued at historical cost.

Gain or loss arising from the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

Ordinary maintenance and repair expenses of tangible fixed assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are capitalized. Investment expenditures include cost items that extend the useful life of the asset, increase the servicing capabilities of the asset, improve the quality of goods or services produced or reduces the costs. There is no pledge, mortgage and other restriction on the tangible fixed assets or given for the purchase commitments or any restrictions on the rights for the use of these.

Tangible fixed assets are amortised by using the straight-line method over their estimated useful lives. Estimated depreciation rates of tangible fixed assets are as follows.

	<u>Estimated Useful Life (Years)</u>	<u>Amortization Rate (%)</u>
Building	50	2
Safes (vaults)	50	2
Vehicles	5	20
Other Tangible Assets	3-15	6,66-33,33

There is no change in accounting estimations that has material effect in the current period or that is expected to have effect in the subsequent periods.


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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
XV. Explanations on Leasing Transactions:

The “IFRS 16 Leases” Standard was published in the Official Gazette dated 16 April 2018 and numbered 29826 to be applied as of 1 January 2019.

The Bank as a lessee

The “IFRS 16 Leases” Standard removes financial lease and operational lease distinction for lessees and introduces a single accounting model for all leasing transactions. According to the standard, the lessees reflect a “asset that gives the right to use” and a “lease obligation” to the financial statements at the date when the lease begins. The initial cost of the asset that gives the right to use is measured by deducting the lease incentives from the sum of the lease obligation and the initial direct costs incurred by the lessees. The cost method is used for the measurements after the beginning of the lease. In this method, the asset that gives the right to use is measured by deducting the accumulated depreciation and accumulated depreciation provisions from the cost value. The lease obligation is initially measured at the present value of the lease payments to be made during the lease period. In subsequent measurements, the book value of the liability is increased to reflect the interest on the lease obligation and decreased to reflect the lease payments made. IFRS 16 has made exemptions for leases of 12 months or less and leases related to low value assets.

The Bank, which is a lessee in financial leasing transactions, accounts for all lease transactions longer than 12 months as assets and liabilities in the statement of financial position. Depreciation expense related to the leased asset and interest expense in lease payments are reported in the income statement. The lease obligation was initially measured at the present value of the lease payments to be made during the lease period using the Bank’s TL alternative source cost.

The Bank as a lessor

According to the “IFRS 16 Leases” Standard, financial lease and operational lease distinction continues for the lessor. If the lessor transfers the significant risks and benefits arising from ownership of the asset subject to the lease to the lessee, he will classify it as a financial lease. Other leases will be classified as operational leases. The receivables that arise from leasing the assets of the Bank, which are not included in financial lease transactions and which are not used in banking transactions, are followed up in the receivables from the leasing transaction and are accounted on an accrual basis.

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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
XVI. Explanations on Provisions and Contingent Liabilities:

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 other than the expected credit loss set for loans and other receivables and contingent liabilities are accounted for in accordance with “Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets” (TAS 37).

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

XVII. Explanations on Employee Benefit Liabilities:

Obligations for employee benefits are recognized in accordance with the TAS19 “Employee Benefits”.

There is no fund to which the Bank personnel are members. However, a part of personnel are members of Personnel Assistance and Additional Social Security Foundation of Türkiye Kalkınma Bankası A.Ş. and the Bank has no obligations regarding this foundation, accordingly no provision is reserved in the accompanying financial statements.

Under the Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. In accordance with the working status of the Bank and the social security institution legislation, the retirement pension is related to the ones related to the Law No. 5434 and the severance payment is calculated to those related to the Law No: 1475.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of the employees. The provisions at the respective balance sheet date have been calculated with a discount rate of 1,34% (31 December 2020: 2,4%). The maximum amount of full TL 10.596,74 effective from 1 January 2022 has been taken into consideration in calculation of provision from employment termination benefits (31 December 2020: full TL 7.638,95).



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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation:

Current Tax

According to the Temporary Article 13 added to the Corporate Tax Law No: 5520 and with the Article 11 of the Law on the Procedure of Collection of Public Claims and the Law on the Amendment of Some Laws, which entered into force after being published in the Official Gazette dated 22 April 2021 and numbered 31462, the Corporate Tax rate will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. This change will be valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021. According to the new law, temporary tax calculations for the current period have been made by 25%. The corporate tax rate is applied to the tax base to be found as a result of adding the non-deductible expenses to the commercial earnings of the companies, the exemption (such as the participation earnings exemption) and the deduction of the deductions in the tax laws. No further tax is paid if the profit is not distributed. Non-resident corporations' income through a permanent establishment or permanent representative in Turkey and dividends paid to companies' resident in Turkey (dividends) not subject to withholding. Dividend payments made to individuals and institutions other than these are subject to 10% withholding tax. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared by the 17th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year.

Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government. According to 5.1.e. Article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax. This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered as tax loss. Taxes which does not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 50% for real estates, and 75% for others are exempted from Corporation tax. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods. In Turkey, there is no procedure for a final and definitive agreement on tax assessments with tax authorities.

Corporate tax declarations are submitted to the related tax office until the evening of the 30th day of the fourth month following the end of the accounting period and the accrued tax is paid until the evening of the 30th day. However, the authorities competent for tax inspection can examine the accounting records within five years, and the tax amounts to be paid may change if any erroneous transaction is detected.

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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation (Continued):

Deferred Tax

In accordance with TAS 12 "Turkish Accounting Standard Relating to Income Tax", the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of a deferred tax asset is reviewed on each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax asset and liability are calculated with the valid tax ratios for the related period.

Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity. Deferred tax asset and deferred tax liability are presented as net in these financial statements.

The income tax charge is composed of the sum of current tax and deferred tax charges. The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible.

According to the second paragraph of the Article 53 of the Banking Act No: 5411, all specific reserves for loans and other receivables are considered as deductible expense for determining corporate tax base.

The current tax payable is offset with prepaid tax, if they are associated with. Deferred tax assets and liabilities are also offset.

Deferred tax calculation is made within the scope of TFRS 9 for the first and second stage provisions.

Transfer Pricing

Transfer pricing is regulated through Article 13 of Corporate Tax Law titled "Transfer Pricing Through Camouflage of Earnings". Detailed information for the practice regarding the subject is found in the "General Communiqué Regarding Camouflage of Earnings Through Transfer Pricing". According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against "arm's length principle", the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions in means of corporate tax.


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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
XIX. Additional Explanations on Borrowings:

The Bank accounts its debt instruments in the subsequent periods, by using the effective interest rate method. The Bank has no borrowings that require hedging techniques for accounting and valuation of debt instruments and liabilities representing the borrowings.

The Bank continues its financial support that it provided and still providing by acquiring sources from domestic and international markets. Domestic resources are provided from Central Bank of the Republic of Turkey, Turkey Export Credit Bank, international organizations such as World Bank, Islamic Development Bank and German Development Bank through the Ministry of Treasury and Finance. In addition to these, the Bank acts as an intermediary for the use of various budget-sourced funds domestically. The loan from this source has been disbursed and no new funds have been transferred from the Ministry of Treasury and Finance. The funds provided are recorded in the Bank's resource accounts on the transfer date. The maturity and interest rates of these funds are determined by the public authority through Investment Incentives Communiqués.

The present foreign funds of the Bank are medium and long term loans from World Bank, European Investment Bank, Council of European Development Bank, Islamic Development Bank, Black Sea Trade and Development Bank and Japan International Corporation Bank, Industrial and Commercial Bank of China, Asian Infrastructure Investment Bank and German Development Bank are recorded to related accounts on the date and with the cost of procurement.

The Bank generally prefers providing loans in parallel to the borrowing terms like maturity date, interest rate, interest type and currency type to avoid maturity, exchange rate and liquidity risks.

The Bank has not issued any convertible bonds and debt instruments.

XX. Explanations on Shares Issued:

The issued capital of the Bank has been increased from TL 1.600.000 to TL 2.000.000 in the current period, with TL 300.000 from internal resources and issuance of TL 100.000 nominal valued shares.

XXI. Explanations on Bill Guarantees and Acceptances:

Commitments regarding bill guarantees and acceptances of the Bank are presented in the "Off Balance Sheet" commitments. There are no commitments regarding bill guarantees and acceptances of the Bank at the prior and current period.

XXII. Explanations on Government Incentives:

There are no government incentives utilized by the Bank in the current and prior period.

XXIII. Explanations on Segment Reporting:

As part of its mission, the Bank operates mainly in the areas of corporate banking and investment banking. Corporate banking provides financial solutions and banking services to customers with medium and large joint stock company status. Services offered include investment loans, project finance, TL and foreign exchange business loans, letters of credit and letters of guarantee.

Within the scope of investment banking activities, the Bank's treasury bills, government bond trading, repo transactions, money swaps and forward foreign exchange transactions, capital markets consultancy, financial consultancy, merger and purchase consultancy are performed. Among the investment banking operating income, revenues from Treasury transactions activities are included.

As of 31 December 2021, explanations on segment reporting in line with "Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures" are shown below.

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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
XXIII. Explanations on Segment Reporting (Continued):

	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Bank
Current Period (31.12.2021)				
Net interest income	805.323	573.867	(2.352)	1.376.838
Net fees and commissions income/(expense)	(15.959)	51.234	3.859	39.134
Other income	19.594	260.569	2.158	282.321
Other expense	(954)	(488.182)	(197.550)	(686.686)
Profit before tax	808.004	397.488	(193.885)	1.011.607
Tax provision	-	-	(197.683)	(197.683)
Net profit for the period	808.004	397.488	(391.568)	813.924
Current Period (31.12.2021)				
Segment assets	11.195.240	37.024.826	147.499	48.367.565
Associates and subsidiaries	-	13.169	-	13.169
Total Assets	11.195.240	37.037.995	147.499	48.380.734
Segment liabilities	663.022	42.863.190	391.158	43.917.370
Shareholders' equity	-	-	4.463.364	4.463.364
Total Liabilities	663.022	42.863.190	4.854.522	48.380.734

	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Bank
Prior Period (31.12.2020)				
Net interest income	399.437	340.869	(3.016)	737.290
Net fees and commissions income/(expense)	(10.521)	30.781	363	20.623
Other income	10.416	237.867	7.163	255.446
Other expense	(63.527)	(168.537)	(160.523)	(392.587)
Profit before tax	335.805	440.980	(156.013)	620.772
Tax provision	-	-	(118.932)	(118.932)
Net profit for the period	335.805	440.980	(274.945)	501.840
Prior Period (31.12.2020)				
Segment assets	7.723.411	20.263.386	66.030	28.052.827
Associates and subsidiaries	-	20.543	-	20.543
Total Assets	7.723.411	20.283.929	66.030	28.073.370
Segment liabilities	205.425	24.012.247	267.499	24.485.171
Shareholders' equity	-	-	3.588.199	3.588.199
Total Liabilities	205.425	24.012.247	3.855.698	28.073.370


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SECTION FOUR
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
I. Explanations on Equity:

Equity amount and capital adequacy standard ratio are calculated within the framework of “Regulation Regarding Equities of Banks” and “Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy”.

The Bank’s equity amount as at 31 December 2021 is TL 7.678.785, (31 December 2020: TL 5.651.910) and its capital adequacy ratio is 14,26% (31 December 2020: 22,35%). The capital adequacy ratio of the Bank is above the minimum ratio determined by the relevant legislation.

Information on Equity Items:

Current Period (31.12.2021)	Amount	Amount Related to Practice efore 1/1/2014*
Common Equity Tier I Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	2.206.074	
Share Premium	3.747	
Reserves	1.463.876	
Other Comprehensive Income according to TAS	4.318	
Profit	813.924	
Net profit for the period	813.924	
Retained Earnings	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
Common Equity Tier I Capital Before Deductions	4.491.939	
Deductions from Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	45.617	-
Leasehold Improvements on Operational Leases (-)	3.279	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	21.873	-
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
I. Explanations on Equity (Continued)
Information on Equity Items (Continued):

Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital	-	-
Mortgage Servicing Rights not deducted	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences	95.478	-
Other items to be Defined by the BRSA	-	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	
Total Deductions From Common Equity Tier I Capital	166.247	
Total Common Equity Tier I Capital	4.325.692	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	2.228.580	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4) (Issued or Obtained after 1.1.2014)	-	
Additional Tier I Capital Before Deductions	2.228.580	
Deductions From Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-	-
Investments made by the bank to equity items issued by banks and financial institutions investing in the additional capital items of the bank and meeting the conditions specified in Article 7 of the Regulation	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
I. Explanations on Equity (Continued)
Information on Equity Items (Continued):

Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from Tier I Capital during the Transition Period	-	-
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	2.228.580	
Total Tier I Capital (Tier I Capital = Common Equity Tier I Capital + Additional Tier I Capital)	6.554.272	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	833.881	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	290.632	
Total Deductions from Tier II Capital	1.124.513	
Deductions from Tier II Capital	-	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II 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 I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	1.124.513	
Total Equity (Total Tier I and Tier II Capital)	7.678.785	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be Defined by the BRSA	-	-

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
I. Explanations on Equity (Continued)
Information on Equity Items (Continued):

Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	4.318	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	7.678.785	-
Total Risk Weighted Assets	53.833.629	-
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	8,04	-
Tier I Capital Ratio (%)	12,18	-
Capital Adequacy Ratio (%)	14,26	-
BUFFERS		
Bank-specific total CET1 Capital Ratio	2,5	-
Capital Conservation Buffer Ratio (%)	2,5	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-	-
Systemic significant bank buffer ratio (%)	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-	-
Amounts Lower Than Excesses as per Deduction Rules	-	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
I. Explanations on Equity (Continued)
Information on Equity Items (Continued):

Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	-
Limits for Provisions Used in Tier II Capital Calculation	-	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	290.632	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	290.632	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	81.208	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)	-	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts to be taken into consideration under the previous provisions

In the equity table, under the amount of capital, in which, is the last receivable right receivable in case of bank liquidation, there is capital and other capital reserves (inflation difference correction). Investment in associates which is denominated in foreign currency on balance sheet, is presented under deductions from Tier I on equity table if there is not enough Tier I or Tier II capital. The amount included in the provision item under Tier II is general provisions.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
I. Explanations on Equity (Continued)
Information on Equity Items (Continued):

Prior Period (31.12.2020)	Amount	Amount Related to Practice before 1/1/2014*
Common Equity Tier I Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	1.806.074	
Share Premium	3.683	
Reserves	1.262.036	
Other Comprehensive Income according to TAS	18.838	
Profit	501.840	
Net profit for the period	501.840	
Retained Earnings	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
Common Equity Tier I Capital Before Deductions	3,592.471	
Deductions from Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	432	-
Leasehold Improvements on Operational Leases	4.354	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	17.744	-
Net Deferred Tax Asset/Liability	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Direct and Indirect Investments of the Bank on its own Tier I Capital (-)		-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	17.990	-
Other items to be Defined by the BRSA (-)	-	
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	
Total Deductions From Common Equity Tier I Capital	40.520	
Total Common Equity Tier I Capital	3.551.951	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.371.165	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Additional Tier 1 Capital Before Deductions	1.371.165	
Deductions From Additional Tier 1 Capital	-	
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	
Items to be Deducted from Tier I Capital during the Transition Period	-	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	
Total Deductions from Additional Tier I Capital	-	
Total Additional Tier I Capital	1.371.165	
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	4.923.116	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	513.057	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	215.737	
Total Deductions from Tier II Capital	728.794	
Deductions from Tier II Capital	-	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II 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 I Capital (-)	-	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	728.794	
Total Equity (Total Tier I and Tier II Capital)	5.651.910	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be Defined by the BRSA	-	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	18.838	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
Capital		
Total Capital (Total of Tier I Capital and Tier II Capital)	5.651.910	-
Total Risk Weighted Assets	25.291.162	-
CAPITAL ADEQUACY RATIOS		-
CET1 Capital Ratio (%)	14,04	-
Tier I Capital Ratio (%)	19,47	-
Capital Adequacy Ratio (%)	22,35	-
BUFFERS		-
Bank-specific total CET1 Capital Ratio	2,5	-
Capital Conservation Buffer Ratio (%)	2,5	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-	-
Systemic significant bank buffer ratio (%)	-	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Information on Equity Items (Continued):

Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-	-
Amounts Lower Than Excesses as per Deduction Rules	-	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	-
Limits for Provisions Used in Tier II Capital Calculation	-	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	215.737	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	215.737	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	22.477	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (Effective between 1.1.2018-1.1.2022)	-	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

* Amounts to be taken into consideration under the previous provisions.

In the equity table, under the amount of capital, in which, is the last receivable right receivable in case of bank liquidation, there is capital and other capital reserves (inflation difference correction). Investment in associates which is denominated in foreign currency on balance sheet, is presented under deductions from Tier I on equity table if there is not enough Tier I or Tier II capital. The amount included in the provision item under Tier II is general provisions.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued)

Explanations on the reconciliation of capital items to balance sheet:

Current Period (31.12.2021)	Balance sheet value	Amount of adjustment	Value at capital report
1. Paid-in-Capital	2.000.000	206.074	2.206.074
2. Capital Reserves	209.821	(206.074)	3.747
2.1. Share Premium	3.747	-	3.747
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3. Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(998)	-	(998)
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	(23.259)	27.577	4.318
5. Profit Reserves	1.463.876	-	1.463.876
6. Profit or Loss	813.924	-	813.924
6.1. Prior Periods' Profit or (Loss)	-	-	-
6.2. Current Period Profit or (Loss)	813.924	-	813.924
Deductions from Common Equity Tier I Capital (-)	-	(165.249)	(165.249)
Common Equity Tier I Capital	4.463.364	(137.672)	4.325.692
Subordinated Loans	-	2.228.580	2.228.580
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	4.463.364	2.090.908	6.554.272
Subordinated Loans	-	833.881	833.881
General Provisions	-	290.632	290.632
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	-	1.124.513	1.124.513
Deductions from Total Capital (-)	-	-	-
Total	4.463.364	3.215.421	7.678.785

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

Explanations on the reconciliation of capital items to balance sheet (Continued):

Prior Period (31.12.2020)	Balance sheet value	Amount of adjustment	Value at capital report
1. Paid-in-Capital	1.600.000	206.074	1.806.074
2. Capital Reserves	209.757	(206.074)	3.683
2.1. Share Premium	3.683	-	3.683
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3. Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(348)	-	(348)
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	14.914	3.924	18.838
5. Profit Reserves	1.262.036	-	1.262.036
6. Profit or Loss	501.840	-	501.840
6.1. Prior Periods' Profit or (Loss)	-	-	-
6.2. Current Period Profit or (Loss)	501.840	-	501.840
Deductions from Common Equity Tier I Capital (-)	-	(40.172)	(40.172)
Common Equity Tier I Capital	3.588.199	(36.248)	3.551.951
Subordinated Loans	-	1.371.165	1.371.165
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	3.588.199	1.334.917	4.923.116
Subordinated Loans	-	513.057	513.057
General Provisions	-	215.737	215.737
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	-	728.794	728.794
Deductions from Total Capital (-)	-	-	-
Total	3.588.199	2.063.711	5.651.910



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

Information on borrowing instruments to be included in the equity calculation:

Current Period (31.12.2021)	
Issuer-Loan supplier	Bank / Republic of Turkey Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	834
Nominal value of instrument (TL million)	834
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger(s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written down, write down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

(Prior Period 31.12.2020)	
Issuer-Loan supplier	Bank / Republic of Turkey Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	513
Nominal value of instrument (TL million)	513
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger(s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
I. Explanations on Equity (Continued):
Information on borrowing instruments to be included in the equity calculation (Continued):

(Current Period 31.12.2021)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	2.229
Nominal value of instrument (TL million)	2.229
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
I. Explanations on Equity (Continued):
Information on borrowing instruments to be included in the equity calculation (Continued):

(Prior Period 31.12.2020)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.371
Nominal value of instrument (TL million)	1.371
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, write-down trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Credit Risk:

Credit risk defined as the probability of loss that the Bank may incur as a result of the counterparty's failure to comply its contractual obligation partially or completely in time. The Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of the loans, taking into account the best practices, within the framework of the BRSA regulations.

The most basic banking service provided by the Bank to finance medium and long-term investments, which is the core function of the Bank, is the "project evaluation-based lending activity". Considering the proportional size within the balance sheet structure, credit risk is the most important risk item of the Bank.

The general principle of the risk policies to be monitored by the Bank is to take risks that can be defined, controlled and / or managed in this sense and to strive not to take a risk other than the risks that are inevitable and arising due to the nature of its activities. Based on the basic principle of ensuring that the risks to be taken within this scope are defined and manageable risks, the Bank's credit risk is subject to foreign exchange risk, depending on the sensitivity shown to the compliance of loan disbursements with loan source conditions, except for credit risk and counterparty risk, which are inevitable due to the lending requirement, there are only manageable risks depending on the sensitivity shown to ensure that loan disbursements are compatible with loan resource conditions.

Having a fully functioning mechanism based on activities, the Bank's Credit Rating Committee is responsible for determining the procedures and principles of the Bank's credit, assessing the credit-participation risk and the position of the placements, evaluating the reports prepared for the credit bureau, to continuously monitor lending activities, including the reorganization of the terms of its receivables, to establish the procedures and principles of the Bank's participation policies, and to make the necessary changes within the framework of general economic policies.

All loan placements of the Bank are allocated in accordance with legal legislations and reports prepared by Financial Analysis and Valuation Department and Loan Allocation Department and with approvals of Credit Rating Committee and Board of Directors. Since the lending of the Bank are in the form of project financing, the amount of loan that can be disbursed to a firm is basically determined during project assessment stage and disbursements are made in a controlled manner through monitoring of expenditures.

The financial data of the customers are regularly monitored until the collection and liquidation of the risk is completed with respect to the customers that are lent by the Bank, and with deferred payment plan. For the customers whose income is above a certain limit or need to be re-evaluated, both the customer and its headquarters and the investment place are examined and detected. A Monitoring Report including recommendations developed as a result of the examinations and detections is being prepared. This implementation of the Bank's problematic loan portfolio review is continuously performed.

Loan balances of borrowers and other receivables are regularly monitored in accordance with the relevant legislation, and in case of an increase in the risk level of the borrower's credit, the credit limits are monitored and additional collateral is taken if necessary.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Credit Risk (Continued):

For loan allocations, sectors are defined in accordance with borrowing conditions. The sectoral distribution of the loan customers is monitored and those distributions are taken into account during lending decisions and goals.

Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of the loans, taking into account the best practices, within the framework of the BRSA regulations. The Bank ensures that the credit risks of all products, not only loan products, and activities are defined, measured and managed, not limited to loan products only. The Board of Directors constantly reviews, develops and, if necessary, makes adjustments to the system to ensure that the loan decision support systems are in compliance with the structure, size and complexity of the Bank's activities.

The Bank is not subject to the general loan restrictions defined by the Article 54 of the Banking Law numbered 5411. However, in the Bank's internal loan bylaws, the loan limits are determined mostly in parallel with the limitations set out in the Law. Loan monitoring department actively takes part in the measuring, analyzing and monitoring processes in order to determine credit risk level, and reports periodically to the Board of Directors, the Audit Committee and senior management.

Within the framework of the policies determined within the scope of BRSA Accounting and Financial Reporting Legislation;

The Bank evaluates its financial assets in 3 stages within the scope of TFRS 9. In this context, the Bank calculates the lifetime expected credit loss for the loans that have defaulted (Stage 3) and loans that have not yet defaulted but have significantly increased the credit risk at the date of disbursement (Stage 2). For other financial assets within the scope of TFRS 9 (Stage 1) the Bank reflects the calculation including the probability of default within 12 months after the reporting date as the expected loss reserve.

In the Bank forward and other derivative product transactions are carried out within the framework of asset-liability management taking into account legal limits. Credit risk assumed by such transactions is managed together with potential risks arising from market movements. There is no option contract in the Bank.

The Bank allocates provisions in accordance with TFRS 9 policy approved by the Board, "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside" and TFRS 9 Financial Instruments Standard.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Credit Risk (Continued):

Risk Categories	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	Risk Amount ^(*)	Average Risk Amount	Risk Amount ^(*)	Average Risk Amount
Conditional and unconditional receivables to central governments or central banks	5.702.181	3.982.969	2.633.292	2.269.472
Conditional and unconditional receivables to banks and brokerage houses	20.590.504	14.177.548	9.727.927	7.707.282
Conditional and unconditional corporate receivables	29.997.386	19.212.233	14.309.076	11.441.545
Conditional and unconditional retail receivables	-	-	-	262.152
Conditional and unconditional receivables secured by real estate property	930.838	1.429.069	2.054.807	2.188.208
Overdue receivables	326.710	74.177	68.133	10.324
Receivables defined in high risk category by BRSA	-	199.555	144.124	125.278
Receivables as a collective investment establishment	245.599	20.467	-	-
Other receivables	231.473	204.048	137.350	170.158

^(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

Restructured loans whose amortization schedule has been changed are followed in the accounts which are specified by related regulations and monitored in accordance with the Bank's credit risk policies. Accordingly, commercial activities of debtors are analyzed and repayments are monitored whether they are in line with the repayments schedules or not, and necessary precautions are taken.

Since the Bank does not have any risks within the scope of private sector loans and trading accounts in banking accounts in other countries, cyclical capital buffer is not calculated.

- The Bank's top 100 and 200 cash loan customers compose 89,89% and 98,37% of the total cash loan portfolio, respectively (31 December 2020: 89,87% and 98,15%).
- The Bank's top 100 and 200 cash and non-cash loan customers compose 73,81% and 80,32% of the total on and off balance sheet assets, respectively (31 December 2020: 66,08% and 71,94%).
- The Bank's top 100 and 200 non-cash loan customers compose 100% of the total non-cash loans (31 December 2020: 100%).

The Bank allocated expected credit loss provision (Stage 1 and Stage 2) amounting to TL 259.942 (31 December 2020: TL 193.646).

In the calculation of the ratios mentioned above, the expected credit loss provisions are not taken into consideration.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Credit Risk (Continued):
Profile of Significant Risks in Major Regions

	Risk Categories ^(***)							
	Conditional and Unconditional Receivables to Central Governments or Central Banks	Conditional and Unconditional Receivables to Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category By The Board ^(****)	Collective Investment Institution Like Receivables ^(****)	Other Receivables
Current Period (31.12.2021)								
Domestic	5.702.181	18.136.810	29.997.386	930.838	326.710	-	213.743	-
European Union (EU) Countries	-	302	-	-	-	-	31.856	-
OECD Countries ^(*)	-	2.453.392	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	13.169
Unallocated Assets ^(**)	-	-	-	-	-	-	-	218.304
Total	5.702.181	20.590.504	29.997.386	930.838	326.710	-	245.599	231.473
Prior Period (31.12.2020)								
Domestic	2.633.292	9.573.255	14.309.076	2.054.807	68.133	24.399	-	-
European Union (EU) Countries	-	115	-	-	-	119.725	-	-
OECD Countries ^(*)	-	154.557	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	20.543
Unallocated Assets ^(**)	-	-	-	-	-	-	-	116.807
Total	2.633.292	9.727.927	14.309.076	2.054.807	68.133	144.124	-	137.350

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

^(**) Includes asset and liability items that cannot be allocated on a consistent basis.

^(***) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

^(****) Receivables in the nature of collective investment institutions were reported in the category of receivables defined under high-risk category by the Board before December 2021.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Credit Risk (Continued):

Risk profile by sectors or counterparties:

Current Period (31 December 2021)	Conditional and Unconditional Receivables to Central Governments or Central Banks	Conditional and Unconditional Receivables to Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage- Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category by the Board	Collective Investment Institution Like Receivables ^(*)	Other Receivables	TL	FC	TOTAL
Agriculture	-	-	-	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	27.507.544	646.477	326.710	-	-	-	2.291.215	26.189.516	28.480.731
Mining and Quarrying	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	6.208.772	181.410	390	-	-	-	1.897.764	4.492.808	6.390.572
Electricity, Gas, Water	-	-	21.298.772	465.067	326.320	-	-	-	393.451	21.696.708	22.090.159
Construction	-	-	6.080	-	-	-	-	-	-	6.080	6.080
Services	5.702.181	20.590.504	2.483.762	284.361	-	-	245.599	231.463	6.893.081	22.644.789	29.537.870
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	5	1.511.841	256.684	-	-	-	-	520.498	1.248.032	1.768.530
Transportation and Telecommunication	-	-	43.316	-	-	-	-	-	43.316	-	43.316
Financial Institutions	5.702.181	20.590.499	730.244	-	-	-	245.599	231.463	6.302.838	21.197.148	27.499.986
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	69.560	27.677	-	-	-	-	26.429	70.808	97.237
Health and Social Services	-	-	128.801	-	-	-	-	-	-	128.801	128.801
Others	-	-	-	-	-	-	-	10	10	-	10
Total	5.702.181	20.590.504	29.997.386	930.838	326.710	-	245.599	231.473	9.184.306	48.840.385	58.024.691

^(*) Collective investment institution like receivables were reported in the category of receivables defined under high risk category by the Board, before December 2021.

There are no balances in the following classes.

2-Contingent and non-contingent receivables from regional or local governments

3-Contingent and non-contingent receivables from Administrative Units and Non-Commercial Enterprises

4-Contingent and non-contingent receivables from multilateral development banks

5-Contingent and non-contingent receivables from international organizations

8-Contingent and unconditional retail receivables

Receivables that are determined to be high risk by the Board in 11-2021 and receivables that are like collective investment institutions in 2020

12-Mortgage secured securities

13-Securitization positions

14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables

16-Equity Investments


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Credit Risk (Continued):
Risk profile by sectors or counterparties:

Prior Period (31 December 2020)	Conditional and unconditional receivables to central governments or central banks	Conditional and unconditional receivables to banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and Non- Conditional Real Estate Mortgage- Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category by the Board	Collective Investment Institution Like Receivables	Other Receivables	TL	FC	TOTAL
Agriculture	-	-	-	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	12.613.148	1.804.414	66.234	-	-	-	765.566	13.718.230	14.483.796
Mining and Quarrying	-	-	101.758	-	-	-	-	-	-	101.758	101.758
Production	-	-	2.135.240	83.862	738	-	-	-	658.845	1.560.995	2.219.840
Electricity, Gas, Water	-	-	10.376.150	1.720.552	65.496	-	-	-	106.721	12.055.477	12.162.198
Construction	-	-	4.987	-	-	-	-	-	-	4.987	4.987
Services	2.633.292	9.727.927	1.556.819	250.393	1.899	144.124	-	136.965	4.352.155	10.099.264	14.451.419
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	5	1.212.965	229.738	1.899	-	-	-	487.989	956.618	1.444.607
Transportation and Telecommunication	-	-	174.591	-	-	-	-	-	15.047	159.544	174.591
Financial Institutions	2.633.292	9.727.922	-	-	-	144.124	-	136.965	3.816.402	8.825.901	12.642.303
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	73.401	20.655	-	-	-	-	32.668	61.388	94.056
Health and Social Services	-	-	95.862	-	-	-	-	-	49	95.813	95.862
Others	-	-	134.122	-	-	-	-	385	18.529	115.978	134.507
Total	2.633.292	9.727.927	14.309.076	2.054.807	68.133	144.124	-	137.350	5.136.250	23.938.459	29.074.709

There are no balances in the following classes.

2-Contingent and non-contingent receivables from regional or local governments

3-Contingent and non-contingent receivables from Administrative Units and Non-Commercial Enterprises

4-Contingent and non-contingent receivables from multilateral development banks

5-Contingent and non-contingent receivables from international organizations

8-Contingent and unconditional retail receivables

Receivables that are determined to be high risk by the Board in 11-2021 and receivables that are like collective investment institutions in 2020

12-Mortgage secured securities

13-Securitization positions

14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables

16-Equity Investments


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Credit Risk (Continued):
Analysis of Maturity-Bearing Risks According to Remaining Maturities

Risk Categories Current Period (31.12.2021)	Term to Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Conditional and unconditional receivables to central governments or central banks	32.122	286.775	-	399.032	4.952.976
Conditional and unconditional receivables to banks and brokerage houses	6.975.789	174.122	593.537	293.135	8.153.186
Conditional and unconditional corporate receivables	508.136	1.197.522	1.784.770	3.569.540	28.728.485
Conditional and unconditional retail receivables	-	-	-	-	-
Conditional and unconditional receivables secured by real estate property	13.978	32.942	49.096	98.192	736.631
Others	-	-	-	-	-
Total	7.530.025	1.691.361	2.427.403	4.359.899	42.571.278

Risk Categories Current Period (31.12.2020)	Term to Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Conditional and unconditional receivables to central governments or central banks	25.318	42.880	273.895	164.282	2.105.766
Conditional and unconditional receivables to banks and brokerage houses	5.092.465	-	54.670	57.837	4.475.851
Conditional and unconditional corporate receivables	291.694	539.291	1.076.379	2.169.669	18.670.070
Conditional and unconditional retail receivables	-	-	-	-	-
Conditional and unconditional receivables secured by real estate property	27.136	50.169	100.133	200.266	1.677.105
Others	74	66	83	158	-
Total	5.436.687	632.406	1.505.160	2.592.212	26.928.792

Information on Risk Categories

For the determination of risk weights for risk classes defined in the Article 6 of the “Regulation on Measurement and Assessment of Capital Adequacy of Banks”, all counter parties are treated as non-rated since no rating agency is authorized by the Bank.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Credit Risk (Continued):
Credit Risk by Risk Weights - Standard Approach^(*)

Current Period (31.12.2021)	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other Risk Weights	Deductions from Equity
Risk Weights												
Before Credit Risk Mitigation	1.863.104	-	4.641.144	-	-	1.196.912	-	50.274.512	49.019	-	-	21.873
After Credit Risk Mitigation	1.863.105	-	4.641.144	-	-	1.358.179	-	50.113.244	49.019	-	-	-

(*) Excluding counterparty credit risk and securitization positions

Prior Period (31.12.2020)	0%	2%	10%	20%	50%	75%	100%	150%	250%	Deductions from Equity
Risk Weights										
Before Credit Risk Mitigation	2.590.844	-	-	1.466.571	1.982.913	-	22.890.258	144.124	-	17.744
After Credit Risk Mitigation	2.590.844	-	-	1.466.571	2.142.437	-	22.730.734	144.124	-	-


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Credit Risk (Continued):
Information by Major Sectors or Type of Counterparties:

The Bank classifies its loans under the TFRS 9 Policy approved by the Board of Directors and allocates provisions. In this context, the Bank calculates and reflects the lifetime expected credit loss to the relevant loans when they have not fallen into default yet, but there is a significant increase in the credit risk at the date of credit's issuance (Stage 2) and in default (Stage 3).

In the TFRS 9 Provisions Methodology document approved by the Board of Directors, the Bank has determined the criterias of "Significant Increase in Credit Risk" and "Classification", loans are classified and provisioned according to these criterias.

Current Period (31.12.2021) Major Sectors / Counter Parties	Credits		Provisions
	Impaired Loans (TFRS 9)		Expected Credit Loss Provisions (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Agriculture	-	-	-
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	1.703.537	791.666	543.877
Mining and Quarrying	-	-	-
Production	256.847	17.043	16.929
Electricity, Gas and Water	1.446.690	774.623	526.948
Construction	-	-	-
Services	579.813	62.350	65.449
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	268.017	55.615	57.494
Transportation and Telecommunication	191.232	-	978
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	30.592	-	36
Health and Social Services	89.972	6.735	6.941
Others	7.364	1.134	1.141
Total	2.290.714	855.150	610.467

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Credit Risk (Continued):

Prior Period (31.12.2020) Major Sectors / Counter Parties	Credits		Provisions
	Impaired Loans (TFRS 9)		Expected Credit Loss Provisions (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Agriculture	-	-	-
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	901.610	148.678	140.272
Mining and Quarrying	-	-	-
Production	-	24.470	23.731
Electricity, Gas and Water	901.610	124.208	116.541
Construction	-	-	-
Services	397.949	68.727	70.508
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	188.527	62.073	61.362
Transportation and Telecommunication	129.245	-	2.093
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	24.862	-	173
Health and Social Services	55.315	6.654	6.880
Others	-	1.106	1.106
Total	1.299.559	218.511	211.886

Information on Movements in Value Adjustments and Provisions:

Current Period (31.12.2021)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	150.380	391.753	(13.693)	-	528.440
2. Stage 1 and 2 Provisions	215.611	299.605	(224.029)	-	291.187

Prior Period (31.12.2020)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	118.280	63.747	(31.647)	-	150.380
2. Stage 1 and 2 Provisions	115.289	102.593	(2.271)	-	215.611


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
III. Explanations on Currency Risk:

The Bank is exposed to currency risk because of inconsistency of the foreign currency denominated asset and liability balances with respect to the transactions made in foreign currencies.

The currency risk management policy of the Bank is defined as keeping the "Foreign Currency Net General Position / Equity Standard" ratio within the legal boundaries with respect to the economic matters, trends in the market and financial position of the Bank. By keeping up with this main goal and with respect to asset and liability management, foreign currency denominated assets are appreciated with the most favorable interest rates in the foreign currency market.

Currency risk is calculated within the scope of the standard method used for legal reporting.

Besides, the exchange rate risk faced by the Bank daily is determined by preparing the foreign currency balance sheet by covering individual positions. Proforma foreign currency balance sheets are used for the measurement of the future exchange rate risks (including foreign currency-indexed assets and liabilities).

The Bank has no hedging derivative instruments for foreign currency denominated borrowings and net foreign currency investments.

A non-speculative foreign exchange position management policy is followed in order to limit the exposure of the currency risk. In this respect, distribution of foreign currency denominated on balance sheet and off balance sheet items are considered.

In order to reduce the risk of foreign exchange rate fluctuations affecting the financial structure of the bank, the risk of foreign exchange rate of the Bank is determined based on the Foreign Currency Net General Position / Equity ratio determined by the BRSA, which is 20%.

The foreign exchange buying rates of the Bank as of the date of the financial statements and the last five business days prior to that date are as follows:

<u>Date</u>	<u>USD</u>	<u>EURO</u>	<u>100 JPY</u>
31/12/2021	13,1387	14,8572	11,4240
30/12/2021	12,2402	13,8510	10,6511
29/12/2021	11,6289	13,1453	10,1368
28/12/2021	11,4071	12,9208	9,9538
27/12/2021	11,2017	12,6758	9,8020

The simple arithmetic average of the last thirty day rates as of 31 December 2021; USD: TL 13,255916
EURO: TL 14,984500, 100 JPY: TL 11,669471.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
III. Explanations on Currency Risk (Continued):
Information on the currency risk of the Bank:

Current Period (31.12.2021)	EURO	USD	Other FC^(*)	Total
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	253.271	74.184	1.124	328.579
Financial assets measured at fair value through profit and loss	213.743	-	-	213.743
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	1.177.836	1.768.759	-	2.946.595
Loans	11.791.996	22.452.043	-	34.244.039
Subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Financial assets measured at amortised cost	2.848.402	-	-	2.848.402
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	13.488	56.023	-	69.511
Total assets	16.298.736	24.351.009	1.124	40.650.869

Liabilities				
Interbank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	13.651.233	22.680.925	-	36.332.158
Marketable securities issued	-	-	-	-
Sundry creditors	3.350.857	-	-	3.350.857
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	123.594	380.919	-	504.513
Total liabilities	17.125.684	23.061.844	-	40.187.528

Net balance sheet position	(826.948)	1.289.165	1.124	463.341
Net off-balance sheet position	846.860	(1.289.857)	-	(442.997)
Assets on derivative instruments	846.860	-	-	846.860
Liabilities on derivative instruments	-	(1.289.857)	-	(1.289.857)
Non-cash loans	1.017.718	1.234.957	-	2.252.675

Prior Period (31.12.2020)				
Total assets	11.017.494	12.215.732	610	23.233.836
Total liabilities	11.004.611	12.224.768	-	23.229.379
Net balance sheet position	12.883	(9.036)	610	4.457
Net off-balance sheet position	(6.399)	6.396	-	(3)
Assets on derivative instruments	2.742	16.582	-	19.324
Liabilities on derivative instruments	(9.141)	(10.186)	-	(19.327)
Non-cash loans	675.830	-	-	675.830

^(*) The foreign currencies presented in the other FC column of assets comprise; 24% GBP, 47% CHF and 29% JPY.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
III. Explanations on Currency Risk (Continued):
Currency Risk Sensitivity:

The following table shows the sensitivity of the Bank with 10% change in USD and EURO currencies.

	Increase in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (3.12.2021)	Prior Period (31.12.2020)	Current Period(31.12.2021)	Prior Period (31.12.2020)
USD	10	1.734	(1.019)	176.876	14.893
EURO	10	3.518	363	117.784	24.159
Other	10	112	61	-	-

	Decrease in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (3.12.2021)	Prior Period (31.12.2020)	Current Period (31.12.2021)	Prior Period (31.12.2020)
USD	10	(1.734)	2.298	(176.876)	(14.893)
EURO	10	(3.518)	(1.643)	(117.784)	(24.159)
Other	10	(112)	(61)	-	-

(*) Indicates the values before tax.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
IV. Explanations on Interest Rate Risk:

The interest rate risk indicates the probability of loss that the Bank may incur due to the position of the financial instruments due to movements in the interest rates. Changes in interest rates affect the return on the assets and the cost of the liabilities. Interest rate risk arising from banking accounts, includes re-pricing risk, yield curve risk, base risk and option risk.

The interest rates determined by the market actors, especially the central banks, have a decisive role on the economic value of the Bank's balance sheet and on the Bank's income-loss balance. Sudden interest shocks in the market because the Bank to open the gap between the applied interest rate of the revenue generating assets and the interest paid on the liabilities. The opening of this gap may cause the Bank interest income to be adversely affected by fluctuations in market interest rates and may cause decrease in profitability of the Bank.

The Bank's basic principle in the interest rate risk management policy is to avoid mismatch and provide alignment between loans disbursed with fixed and floating rate and funds provided with fixed and floating rate. Accordingly, interest rate, currency and maturity alignment are respected during the disbursement of loans funded by foreign long-term borrowings, which form the material part of the loan portfolio. Almost the entire loan portfolio is financed by floating rate borrowings, thus interest rate risk from changes in interest rates seems not probable for the loan portfolio because of the correlation provided between the sources and the uses and other loans in the portfolio are financed by the equity of the Bank.

Within the framework of the Bank's basic principle of interest rate risk policy, optimization of portfolio distribution in the management of interest-sensitive assets other than loans is provided by considering possible changes in duration of positions and current interest rate limits; by taking into account alternative return, limits of tolerable loss and risk. In this context, to measure the interest rate risk exposure of the Bank, the effect of days to maturity and profit/loss are analyzed considering the scenarios of possible changes in interest rates for securities portfolio. Alternatives for compensation of probable losses that may arise as a result of fluctuations in interest rates are examined using different markets. Interest rate sensitivity analysis is also made for the positions besides securities portfolio.

There is no interest rate mismatch on loan portfolio as the main principle of interest rate adjustment on the source and disbursement side of the loan portfolio of the Bank. For this reason, the Bank's credit portfolio does not carry any interest rate risk even if it is affected by market volatility. Interest rate-sensitive items on the Bank's balance sheet are limited only to the size of the Financial Assets Measured at Fair Value Through Other Comprehensive Income within the liquid portfolio.

In order to minimize the possibility of unfavorable effects of market interest rate changes on the Bank's financial position, risk limits are used for the management of interest rate risk. These limits are set by Asset-Liability Committee and approved by Board of Directors. The Bank monitors and controls whether interest-sensitive assets are within the determined limits.

In order to minimize the likelihood that the change in market interest rates in the bank's securities portfolio management will cause adverse effects on the financial structure of the bank, limits have been set on the adjusted duration of the securities portfolio and the amount of daily loss that may arise from the securities portfolio.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
IV. Explanations on Interest Rate Risk (Continued):

Based on the statutory 20% rate of “The Ratio of Interest Rate Risk Due To Banking Book” determined by the BRSA to the measurement and evaluation of the interest rate risk by using standard shock method, arising from the on-balance sheet and off-balance sheet positions in the banking book within the scope of the interest rate limits of the Bank, is determined with a more conservative approach.

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

End of the Current Period (31.12.2021)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	-	-	2.050	2.050
Banks ⁽¹⁾	3.240.649	-	-	-	-	32.453	3.273.102
Financial assets measured at fair value through profit and loss	-	-	-	-	-	220.867	220.867
Money market placements	992.465	-	-	-	-	-	992.465
Financial assets measured at fair value through other comprehensive income ⁽³⁾	32.122	460.897	1.520.530	1.825.716	76.956	16.478	3.932.699
Loans ⁽²⁾	15.880.496	5.400.291	4.561.834	4.364.753	6.160.752	326.711	36.694.837
Financial assets measured at amortised cost	-	-	-	2.935.638	75.399	-	3.011.037
Other assets ⁽⁴⁾	365	-	-	-	-	253.312	253.677
Total Assets⁽⁵⁾	20.146.097	5.861.188	6.082.364	9.126.107	6.313.107	851.871	48.380.734
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	636.329	-	-	-	-	-	636.329
Sundry creditors	-	-	-	-	-	210.813	210.813
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	5.725.122	8.665.090	9.775.573	7.660.137	6.902.490	-	38.728.412
Other liabilities ⁽⁴⁾	516.348	-	-	-	-	8.288.832	8.805.180
Total liabilities	6.877.799	8.665.090	9.775.573	7.660.137	6.902.490	8.499.645	48.380.734
Long position on balance sheet	13.268.298	-	-	1.465.970	-	-	14.734.268
Short position on balance sheet	-	(2.803.902)	(3.693.209)	-	(589.383)	(7.647.774)	(14.734.268)
Long position on off-balance sheet	1.264.432	-	-	-	-	-	1.264.432
Short position on off-balance sheet	(1.289.857)	-	-	-	-	-	(1.289.857)
Total position	13.242.873	(2.803.902)	(3.693.209)	1.465.970	(589.383)	(7.647.774)	(25.425)

⁽¹⁾ Balances without maturity are shown in “Non-interest Bearing” column.

⁽²⁾ Net balance of non-performing loans and receivables are shown in “Non-interest Bearing” column.

⁽³⁾ Securities representing share in capital are shown in “Non-interest Bearing” column.

⁽⁴⁾ Deferred tax asset, shareholders' equity, subordinated debt instruments and other non-interest bearing assets and liabilities are shown in “Non-interest Bearing” column.

⁽⁵⁾ The expected credit losses for financial assets and other assets are reflected to the related items.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
IV. Explanations on Interest Rate Risk (Continued):

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

End of the Prior Period (31.12.2020)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	-	-	1.125	1.125
Banks ⁽¹⁾	3.529.984	-	-	-	-	25.653	3.555.637
Financial assets measured at fair value through profit and loss	-	-	-	-	-	119.725	119.725
Money market placements	1.499.794	-	-	-	-	-	1.499.794
Financial assets measured at fair value through other comprehensive income ⁽³⁾	227.050	24.484	479.843	219.175	-	14.990	965.542
Loans ⁽²⁾	6.068.382	2.494.574	3.017.288	2.445.703	5.964.619	68.132	20.058.698
Financial assets measured at amortised cost	-	2.051	-	1.704.025	10.184	-	1.716.260
Other assets ⁽⁴⁾ ⁽⁵⁾	43	-	-	-	-	156.546	156.589
Total Assets⁽⁶⁾	11.325.253	2.521.109	3.497.131	4.368.903	5.974.803	386.171	28.073.370
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	205.378	-	-	-	-	-	205.378
Sundry creditors	-	-	-	-	-	125.854	125.854
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	4.471.546	3.974.662	6.690.060	3.846.572	2.861.077	-	21.843.917
Other liabilities ⁽⁴⁾	83.350	-	-	-	-	5.814.871	5.898.221
Total liabilities	4.760.274	3.974.662	6.690.060	3.846.572	2.861.077	5.940.725	28.073.370
Long position on balance sheet	6.564.979	-	-	522.331	3.113.726	-	10.201.036
Short position on balance sheet	-	(1.453.553)	(3.192.929)	-	-	(5.554.554)	(10.201.036)
Long position on off-balance sheet	26.748	-	-	-	-	-	26.748
Short position on off-balance sheet	(26.713)	-	-	-	-	-	(26.713)
Total position	6.565.014	(1.453.553)	(3.192.929)	522.331	3.113.726	(5.554.554)	35

⁽¹⁾ Balances without maturity are shown in “Non-interest Bearing” column.

⁽²⁾ Net balance of non-performing loans and receivables are shown in “Non-interest Bearing” column.

⁽³⁾ Securities representing share in capital are shown in “Non-interest Bearing” column.

⁽⁴⁾ Deferred tax asset, shareholders' equity, subordinated debt instruments and other non-interest-bearing assets and liabilities are shown in “Non-Interest Bearing” column.

⁽⁵⁾ Lease receivables (TL 30) are shown in other assets.

⁽⁶⁾ The expected credit losses for financial assets and other assets are reflected to the related items.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
IV. Explanations on Interest Rate Risk (Continued):

Average interest rates applied to monetary financial instruments (%):

End of the Current Period (31.12.2021)	EURO	USD	JPY	TRY
Assets (*)				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	1,03	0,10		20,61
Financial assets measured at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	14,50
Financial assets measured at fair value through other comprehensive income	3,02	3,27	-	11,77
Loans	3,17	4,20	-	15,30
Other financial assets measured at amortised cost	5,10	-	-	4,88
Liabilities (*)				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	14,54
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds accepted by development and investment banks	-	0,16	-	11,00
Funds provided from other financial institutions	1,37	2,09	-	13,76

(*) Ratios shown in the table are calculated by using annual interest rates.

End of the Prior Period (31.12.2020)	EURO	USD	JPY	TRY
Assets (*)				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	1,61	1,17	-	18,04
Financial assets measured at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	17,98
Financial assets measured at fair value through other comprehensive income	2,82	7,31	-	13,66
Loans	3,17	4,21	-	12,98
Other financial assets measured at amortised cost	5,16	-	-	3,61
Liabilities (*)				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	17,44
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds accepted by development and investment banks	-	0,20	-	12,00
Funds provided from other financial institutions	1,32	2,25	-	9,30

(*) Ratios shown in the table are calculated by using annual interest rates.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
V. Explanations on Position Risk of Equity Securities:

None.

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio:
1. Liquidity risk management

The Bank's liquidity management is managed by Treasury Department in coordination with related departments and the strategies constituted by Asset Liability Committee as part of "Risk Management Strategies, Policies and Application Principles" that is approved by the Board of Directors. The liquidity risk management as per the implementation principles are stated as follows:

Liquidity risk refers to the probability that the Bank will incur the consequential loss that it cannot anticipate or face unforeseeable, all cash flow requirements without affecting the day-to-day operations or financial structure.

Liquidity risk also represents the possibility of loss due to Bank's inability of settling with market prices since the lack of depth and excessive fluctuations in the market.

The main policy of Liquidity Risk Management in the Bank is to provide quality asset structure in which any liabilities can be fulfilled. Since the Bank is specialized, its liquidity need is more predictable as compared to commercial banks, and ensures cash flows provided for its liabilities more regularly.

The type, maturity structure and compliance of interest rates with assets and liabilities in the balance sheet, is assured within the framework of the Asset Liability Management Committee's decisions. The Bank keeps liquidity ratios within risk limits as set out in legal legislation and follows regularly.

In order to manage liquidity risk, proforma cash flows are set on the basis of predictable data by evaluating the maturities of asset and liability structure. Proper placement of liquidity excess considering alternative gains and meeting liquidity needs with the most appropriate cost of funding is essential.

Additionally, monthly proforma cash flows and balance sheet durations regarding the fulfilment level of medium and long term liabilities are traced in order to determine early factors that generate risk.

Mainly for risk measurement and monitoring activities to determine the level of liquidity risk;

The liquidity risk of the Bank is calculated by using "Liquidity Analysis Forms" in accordance with the format determined by the BRSA and reported to the BRSA on a weekly and daily basis.

Limits on liquidity risk are determined under; the legal limitations set out by the BRSA and the "Liquidity Emergency Plan Directive of the Bank". The Bank's "Liquidity Emergency Plan Directive" came into force with the decision of the Board of Directors dated 27 October 2016 and numbered 2016-20-10 / 180. Situations that require the implementation of the Liquidity Emergency Plan are followed by indicators derived from bank-specific (internal) and financial market developments. The Liquidity Emergency Plan includes actions to ensure that the Bank fulfills its obligations at its current level and to maintain liquidity at the level required by the Bank or to achieve liquidity at acceptable costs and to provide the necessary liquidity with the objective of protecting the Bank's reputation.

In the liquidity risk management of the Bank, the limitations within the scope of the relevant regulations of the BRSA and the internal risk limits determined within the framework of the Bank's "Risk Management Strategies, Policies and Implementation Principles" and general market conditions are determinants. Therefore, units active in liquidity risk management, especially the Treasury Unit, act within these limitations.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

1. Liquidity risk management (Continued):

First limitation on legal requirements set by the BRSA is; as per the regulation on "Calculation of Liquidity Coverage Ratio", minimum limits of 100% and 80% are assigned on consolidated and unconsolidated basis respectively for total and foreign currency limits. On the other hand investment and development banks are exempt from those limitations until BRSA has determined otherwise.

The Bank's internal reporting within the scope of liquidity risk management consists of daily, weekly and monthly reports. Daily balance sheets and duration calculations are followed in daily basis report. On weekly reports, liquidity limits are monitored. Weekly realized liquidity limits determined by Board of Directors is aggregated in monthly risk limits monitoring report. Those reports investigate legal risks and adaption of early warning limits. Also, to monitor liquidity risk in "TKB Riskiness Analysis According to Selected Indicators and Risk Groups" report prepared monthly includes;

- Proforma Cash Flows Statement,
- Proforma Currency Balance Sheet,
- Duration of Balance Sheet Items, -in detail- Marketable Securities (by class of financial instruments),
- Summary of liquidity forms sent to BRSA

with proforma cash flows statement amount of future liquid assets are shown in different scenarios for one year period.

Related report is presented to the Board of Directors; the Audit Committee and senior management on a monthly basis. By taking into consideration these reports, the Asset Liability Committee and Audit Committee evaluate the liquidity position of the Bank, and results of liquidity measurement system are included in the decision making process.

Regarding the liquidity risk, as well as legal limits, internal limits have been determined in accordance with its own internal procedures, mission and risk appetite, as included in the Bank's risk policies. These limits have been determined by the Board of Directors in excess of legal limits, including early warning limits, and are revised annually.

2. Liquidity coverage ratio

The Bank's liquidity coverage rates are prepared weekly in accordance with the "Regulation on Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 and reported to the BRSA. Including the reporting period for the last 3 months minimum and maximum levels of unconsolidated foreign currency and total liquidity coverage ratios are shown below by specified weeks:

	Liquidity Coverage Ratio (Weekly Unconsolidated)			
	FC	Date	FC+TP	Date
Current Period (31.12.2021)				
Maximum (%)	96,26	29.10.2021	212,24	26.11.2021
Minimum (%)	47,15	24.12.2021	167,82	24.12.2021

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

2. Liquidity coverage ratio (Continued):

	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
Current Period (31.12.2021)				
HIGH-QUALITY LIQUID ASSETS	-	-	1.832.487	822.612
Total high-quality liquid assets (HQLA)	-	-	1.832.487	822.612
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	656.890	502.084	469.227	341.028
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	656.890	502.084	469.227	341.028
Secured wholesale funding			-	-
Other cash outflows	1.844.145	1.770.999	1.844.145	1.770.999
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.844.145	1.770.999	1.844.145	1.770.999
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	7.814.973	3.118.618	390.749	155.931
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS	-	-	2.704.121	2.267.958
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	3.963.693	2.215.647	3.999.444	2.112.303
Other cash inflows	1.778.379	207.680	1.778.379	207.680
TOTAL CASH INFLOWS	5.742.072	2.423.327	5.777.823	2.319.983
			Total Adjusted Value	
TOTAL HIGH QUALITY LIQUID ASSETS			1.832.487	822.612
TOTAL NET CASH OUTFLOWS			1.166.558	1.131.436
LIQUIDITY COVERAGE RATIO (%)			157,08	72,71

^(*) The average of last three months' liquidity coverage ratios calculated by weekly simple averages.


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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued):
2. Liquidity coverage ratio (Continued):

	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
Prior Period (31.12.2020)				
HIGH-QUALITY LIQUID ASSETS	-	-	3.049.185	355.436
Total high-quality liquid assets (HQLA)	-	-	3.049.185	355.436
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	575.752	349.552	459.753	248.379
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	575.752	349.552	459.753	248.379
Secured wholesale funding			-	-
Other cash outflows	205.438	157.381	205.438	157.381
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	205.438	157.381	205.438	157.381
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	6.692.040	4.215.726	334.602	210.786
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS	-	-	999.793	616.546
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	2.175.448	1.170.064	2.073.819	1.069.995
Other cash inflows	205.314	130.643	205.314	130.643
TOTAL CASH INFLOWS	2.380.762	1.300.707	2.279.133	1.200.638
			Total Adjusted Value	
TOTAL HIGH QUALITY LIQUID ASSETS			3.049.185	355.436
TOTAL NET CASH OUTFLOWS			475.246	340.989
LIQUIDITY COVERAGE RATIO (%)			641.60	104.24

(*) The average of last three months' liquidity coverage ratios calculated by weekly simple averages.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued):
3. Explanations on liquidity coverage ratio
Significant factors that impact the result of liquidity coverage ratio and change of the items in time that are taken into account in calculation of this ratio

The significant factors that impact liquidity coverage ratio are net cash outflows and high quality assets stock. Items in the calculation of the ratio in consideration may be changed in time because of economic structure and decisions of the Bank on fund management.

The explanation about elements of the high quality liquid assets

High quality liquid assets mostly consist of domestic government bonds, and Eurobonds.

Content of funds and their composition

The main funding source of the Bank is loans attained from domestic and international financial institutions. The share of these resources in all funds is approximately 87,3%. 3,5% of the Bank's total funding consists of funds, 7,7% consists of subordinated debt instruments and 1,5% is provided from money markets.

Cash outflows generating from derivative transactions and information about which transactions are subject to collateral margin

Derivative transactions of the Bank are predominantly currency swap purchase-sale transactions. Income and expense figures related to derivative transactions made within the year are accounted in profit / loss from derivative financial transactions. There are no transactions that are likely to complete collateral.

Counterparty and product-based funding sources and concentration limits on collateral

The fund sources of the Bank, whose field of activity is development banking, are generally international development banks and financial institutions; there is no concentration limit on the other party and product basis.

The operational and legal factors that hinder liquidity transfer which is needed by the bank itself, its foreign branch and its consolidated subsidiary, and respective liquidity risk.

None.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued):
4. Maturity analysis of assets and liabilities according to remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ⁽¹⁾	Total
Current Period (31.12.2021)								
Assets								
Cash (Cash on hand, Money in Transit, Purchased Cheques and Balances with Central Bank)	2.050	-	-	-	-	-	-	2.050
Banks	32.453	3.240.649	-	-	-	-	-	3.273.102
Financial Assets Measured at Fair Value through Profit/Loss	220.867	-	-	-	-	-	-	220.867
Interbank Money Market Placements	-	992.465	-	-	-	-	-	992.465
Financial Assets Measured at Fair Value Through Other Comprehensive Income	16.478	32.136	463.924	1.334.251	1.829.438	256.472	-	3.932.699
Loans	-	426.317	1.004.699	4.544.269	22.653.897	7.738.944	326.711	36.694.837
Financial Assets Measured at Amortised Cost	-	-	36.368	9.983	2.890.879	73.807	-	3.011.037
Other Assets	-	365	-	-	-	-	253.312	253.677
Total Assets⁽²⁾	271.848	4.691.932	1.504.991	5.888.503	27.374.214	8.069.223	580.023	48.380.734
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	1.797.671	683.335	3.000.160	19.233.107	14.014.139	-	38.728.412
Interbank Money Market Takings	-	636.329	-	-	-	-	-	636.329
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	210.813	-	-	-	-	-	-	210.813
Other Liabilities	246.848	421.875	15.045	-	-	-	8.121.412	8.805.180
Total Liabilities	457.661	2.855.875	698.380	3.000.160	19.233.107	14.014.139	8.121.412	48.380.734
Liquidity Gap	(185.813)	1.836.057	806.611	2.888.343	8.141.107	(5.944.916)	(7.541.389)	-
Net Off-Balance Position	-	(25.425)	-	-	-	-	-	(25.425)
Derivative Financial Assets	-	1.264.432	-	-	-	-	-	1.264.432
Derivative Financial Liabilities	-	1.289.857	-	-	-	-	-	1.289.857
Non-Cash Loans	53.119	54.972	-	53	-	2.197.703	-	2.305.847
Prior Period (31.12.2020)								
Total Assets	161.494	5.259.329	420.322	2.810.557	14.098.588	5.098.401	224.679	28.073.370
Total Liabilities	206.542	659.829	372.646	1.656.992	12.034.620	7.453.292	5.689.449	28.073.370
Liquidity Gap	(45.048)	4.599.500	47.676	1.153.565	2.063.968	(2.354.891)	(5.464.770)	-
Net Off-Balance Position	-	35	-	-	-	-	-	35
Derivative Financial Assets	-	26.748	-	-	-	-	-	26.748
Derivative Financial Liabilities	-	26.713	-	-	-	-	-	26.713
Non-Cash Loans	54.773	-	-	137.419	53	538.411	-	730.656

⁽¹⁾ Assets such as fixed assets, associates, subsidiaries, property value, prepaid expenses and net non-performing receivables, other asset accounts that would not be converted to cash in a short time period and needed to be used in the banking activities; liabilities and equity accounts, such as the accounts with no maturities and provisions, are shown in the undistributed column. Deferred tax asset is included in the undistributed column.

⁽²⁾ The expected credit losses for financial assets and other assets are reflected in the related items.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued):
Remaining maturity of contractual financial liabilities:

In compliance with the TFRS 7, the following table indicates the maturities of the Bank's major non-derivative financial liabilities. The following tables have been prepared by referencing the earliest dates of payments without discounting the liabilities. The interest to be paid to the related liabilities is included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The balances of the related liabilities in balance sheet do not include these amounts.

Current Period (31.12.2021)	Book Value	Principal Nominal Output	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Liabilities							
Funds provided from other financial institutions	38.728.412	42.564.954	1.187.623	754.303	3.581.284	21.584.693	15.457.051
Money market borrowings	636.329	636.329	636.329	-	-	-	-
Total	39.364.741	43.201.283	1.823.952	754.303	3.581.284	21.584.693	15.457.051

Prior Period (31.12.2020)	Book Value	Principal Nominal Output	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Liabilities							
Funds provided from other financial institutions	21.843.917	25.817.383	162.337	372.415	15.120.725	1.919.445	8.242.461
Money market borrowings	205.378	205.378	205.378	-	-	-	-
Total	22.049.295	26.022.761	367.715	372.415	15.120.725	1.919.445	8.242.461

The following table shows non-cash loans according to remaining maturities.

Current Period (31.12.2021)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	-	54.972	-	-	-	-	54.972
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	53.119	-	-	53	-	1.869.236	1.922.408
Acceptances	-	-	-	-	-	-	-
Other	-	-	-	-	-	328.467	328.467
Total	53.119	54.972	-	53	-	2.197.703	2.305.847

Prior Period (31.12.2020)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	-	-	-	33.822	-	-	33.822
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	54.773	-	-	103.597	53	538.411	696.834
Acceptances	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	54.773	-	-	137.419	53	538.411	730.656


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
VII. Explanations on Leverage Ratio:

In the current period, the rate of increase in Tier 1 capital was higher than the rate of increase in total risk amount. As of 31 December 2021, the Bank's leverage ratio calculated from the average of three months is 11,76% (31 December 2020: 15,29%). The reason why the leverage ratio of the current period is lower than the leverage ratio of the previous period is that the total risk amount related to on-balance sheet assets has increased at a higher rate than the amount of Tier 1 capital.

	Current Period (31.12.2021)	Prior Period (31.12.2020)
On-balance sheet assets (*)		
Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	43.799.003	27.094.218
(Assets deducted in determining Tier 1 capital)	-	-
Total balance sheet exposures	43.799.003	27.094.218
Derivative financial instruments and loan derivatives		
Replacement cost of derivative financial instruments and loan derivatives	-	-
Potential loan risk of derivative financial instruments and loan derivatives	7.606.402	122.118
Total derivative financial instruments and loan derivatives exposure	7.606.402	122.118
Securities financing transaction exposure		
Risk amount of financing transactions secured by marketable security or commodity (excluding on-balance sheet)	38.755	99
Risks from brokerage activities related exposures	-	-
Total risk amount of financing transactions secured by marketable security or commodity	38.755	99
Off-balance sheet items		
Gross notional amounts of off-balance sheet items	8.811.400	8.469.824
(Adjustments for conversion to credit equivalent amounts)	(6.390.186)	(6.906.300)
Total risks of off-balance sheet items	2.421.214	1.563.524
Capital and total risks		
Tier 1 capital	6.219.895	4.407.176
Total risks	53.865.374	28.779.959
Leverage ratio		
Leverage ratio	11,76	15,29

(*) Calculated by taking the average of the last three months financial statements' data.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values:

When fair value of financial assets and liabilities are determined, discounted values are taken into consideration according to remaining maturities. Transactions traded on the stock exchange are valued by using the daily weighted average prices of the last working day on the balance sheet date based on the stock market value.

	Book Value (*)		Fair Value	
	Current Period (31.12.2021)	Prior Period (31.12.2020)	Current Period (31.12.2021)	Prior Period (31.12.2020)
Financial Assets	48.921.134	28.269.945	49.099.846	28.378.717
Money markets placements	993.282	1.500.739	993.282	1.500.739
Banks	3.278.675	3.563.874	3.278.675	3.563.874
Financial assets measured at fair value through profit and loss	220.867	119.725	220.867	119.725
Financial assets measured at fair value through other comprehensive income	3.932.699	965.542	3.932.699	965.542
Financial assets measured at amortised cost	3.012.392	1.717.342	3.029.885	1.729.151
Loans	37.483.219	20.402.723	37.644.438	20.499.686
Financial Liabilities	42.290.082	23.963.014	44.801.615	24.717.620
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds provided from other financial institutions	38.728.412	21.843.917	41.239.945	22.598.523
Subordinated debt	3.350.857	1.993.243	3.350.857	1.993.243
Marketable securities issued	-	-	-	-
Sundry creditors	210.813	125.854	210.813	125.854

(*) The book values of financial assets and liabilities in the table are calculated by adding accrual amounts at the end of the period.

Methods and estimations used for the fair value determination of financial instruments which are not presented with their fair values in the financial statements:

- i- For the fair value determination of loans, interest rates as of balance sheet date are considered.
- ii- For the fair value determination of banks, interest rates as of balance sheet date are considered.
- iii- In order to calculate the fair value of other financial assets measured at amortized cost, the stock market value as of the balance sheet date has been used.
- iv- For the fair value determination of the funds provided from other financial institutions, alternative resource interest rates are considered.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values (Continued):

Information on fair value measurements recognized in the financial statements:

TFRS 7 "Financial Instruments: Disclosures" Standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified. According to this standard, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles.

Current Period (31.12.2021)	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss	-	-	220.867
Debt securities	-	-	-
Share certificates	-	-	213.743
Other	-	-	7.124
Financial Assets at Fair Value Through Other Comprehensive Income	3.916.222	-	16.477
Debt securities	3.916.222	-	-
Share certificates	-	-	16.477
Other	-	-	-
Derivative Financial Assets	-	365	-
Investment in Associates and Subsidiaries⁽¹⁾	-	-	-
Derivative Financial Liabilities	-	26.693	-

⁽¹⁾ Since the unlisted investments in associates and subsidiaries are recognized at acquisition cost, these companies are not included in the table.

Prior Period (31.12.2020)	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss	-	-	119.725
Debt securities	-	-	-
Share certificates	-	-	119.725
Other	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	950.552	-	14.990
Debt securities	950.552	-	-
Share certificates	-	-	14.990
Other	-	-	-
Derivative Financial Assets	-	43	-
Investment in Associates and Subsidiaries⁽¹⁾	-	-	-
Derivative Financial Liabilities	-	47	-

⁽¹⁾ Since the unlisted investments in associates and subsidiaries are recognized at acquisition cost, these companies are not included in the table.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values (Continued):

The table below shows the movement table of level 3 financial assets.

Level 3 Movement Table	Current Period (31.12.2021)	Prior Period (31.12.2020)
Balance at the Beginning of the Period	134.715	98.253
Purchases During the Period	12.577	9.386
Disposals Through Sale/Redemptions	(28.780)	(4.599)
Valuation Effect	118.832	31.675
Transfers	-	-
Balance at the End of the Period	237.344	134.715

IX. Explanations on the Transactions Made on Behalf of Others and Items Held in Trust:

The Bank provides security buying, selling and custody services on behalf and account of others. The Bank also acts as an intermediary in the execution of tourism and infrastructure investments on behalf of the Republic of Turkey Ministry of Culture and Tourism, and no new resources have been transferred in this context recently.

There are no transactions based on faith by the Bank.

X. Explanations on Risk Management:

1. General information on risk management and risk weighted amounts:

The Bank's risk management approach:

It should be emphasized firstly that the Bank is actively using committees and risk budgeting in decision-making mechanisms and risk management processes while assessing risk management performance in addition to the functional and financial performance, which has operational mechanisms based on a wide range of activities. Within the framework of the Bank's vision, mission, strategic objectives and targets set by the Board of Directors and risk management policies and strategies; the Asset and Liability Management Committee and the Credit Participation Committee constitute two main committees that play a critical role in the execution of the Bank's activities; which the Asset and Liability Management Committee ensuring that the assets and liabilities are managed effectively and efficiently by taking into consideration the current and possible economic developments and the factors such as interest, maturity and currency, and establishing coordination and communication between the Senior Management and the Bank's units, and the Credit Participation Committee with the function of determining the principles of lending, evaluating the credit-participation risk and the situation of the investment, evaluating the reports prepared on the loan appraisal and in summary taking care of all the lending activities. Within the framework of the short-term strategies determined by the Asset and Liability Management Committee in line with the vision and strategic objectives of the Bank's Strategic Plan, each of the units in the Bank comply with these targets and the risk budgeting application based on the consolidation of these budgets are applied to contribute to the basic activities of the Bank.

Risk monitoring processes constitute the main determinant of risk management policies in decision making processes in the Bank. The organizational structure of the risk monitoring processes is composed of, the "Internal Control" and "Risk Monitoring" Directorates which the duties and authorities established within the Bank with the decision of the Board of Directors pursuant to the Banking Law and the BRSA legislation, the Audit Committee and the Internal Inspection Department. The units within the internal systems of the Bank and the Audit Committee undertake their activities in accordance with the "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process" dated 11/07/2014 and numbered 29057 of the BRSA.


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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
1. General information on risk management and risk weighted amounts (Continued):
The Bank's risk management approach (Continued):

The general principle of the risk policies followed by the Bank where the implementation of committees and risk budgeting actively in decision-making mechanisms and risk management processes; which was approved by Board of Directors dated 11.01.2016, 2016-01-15/015 stated in the Bank's "Risk Management Strategies, Policies and Implementation Principles", "To specialize in the activities in accordance with the mission, vision and structure determined by the Establishment Law, to take risks that can be identified, controlled and / or managed, and to make efforts to avoid any risks other than the risks inevitable and arising as part of the nature of the activities". While the Bank is specializing in its activities in accordance with its vision and structure in line with this general principle, it shapes the asset composition in line with this principle and in the risk management policy it is subject to the principle of "taking risks that can be controlled and / or managed, not taking any risks other than the risks that are unavoidable and to apply this principle as much as possible. In this context, it is the basic principle to ensure that the risks to be taken are defined and manageable.

In addition, to the extent that risk measurement and reporting techniques allow, measurement of the present and future potential impacts of the risks taken is made possible and written limits for the risks arising from the operations of the Bank and for the digitization are determined according to the BRSA regulations. Therefore, the risk appetite of the Bank is determined and monitored by the risk limits prepared in accordance with the provisions of Article 39 titled "Risk Appetite Structure" of Internal Systems and ICAAP Regulations of Banks No. 29057 issued by the BRSA and published in the Official Gazette on 11 July 2014. "Risk Limits and Implementation Principles", which are revised by the Risk Monitoring Department annually in accordance with the Bank's risk policies and accepted by the Board of Directors, are the main policy that determines the Bank's risk appetite structure.

According to the "Risk Limits and Implementation Guidelines" which is the most important indicator of the risk appetite of the bank, limits, early warning limits and actions to be taken in case of exceeding limit are determined by basic risk groups. In determining limits, the legal limits shape the general framework. However, in addition to the principle of prudence in risk management, specific limits specific to the Bank are also set for each risk type. The early warning limits are intended to prevent limit overs, and the limits are set one level below (or above). Each risk group covered by the Bank's risk limits is monitored by reports made to the Senior Management and the Audit Committee on a daily, weekly, monthly basis by the Risk Management Department and is first informed to the relevant unit in the framework of the actions to be taken in determining the elimination of exceeded limits.

It is clear that both the decision-making mechanisms and the risk management processes are the general principle of risk policies and the Bank has a "risk avoider" risk appetite within the framework of risk limits and implementation principles.

The limits stated in the text of "Risk Appetite Structure, Risk Limits and Implementation Principles" approved by the Board of Directors within the framework of the 37th article of "Regulation on Internal Systems of Banks" issued by the BRSA for quantifiable risks arising from the activities of the Bank are determined. The Risk Management Department monitors compliance with these limits and regularly reports to the Board of Directors, the Audit Committee and the Senior Management.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
1. General information on risk management and risk weighted amounts (Continued):
The Bank's risk management approach (Continued):

Stress test scenario analyzes carried out by the Bank within the scope of risk management activities include various techniques to measure the potential resilience of the Bank portfolio against unexpected risks. Capital Planning Buffer prepared in accordance with the provisions of the "Stress Test Program" specified in article 43 of "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process" and Guidelines for Stress Tests to be Used by Banks in Capital and Liquidity Planning and specified in Article 59 of the Regulation. The results of the implementation of the scenarios determined by the BRSA used in the calculation are sent to the BRSA within the scope of the ISEDES (Internal Capital Adequacy Assessment Process) Report prepared by Risk Management Department annually. In the ISEDES Report, the Bank's capital adequacy level is evaluated by applying the BRSA and our Bank scenarios on the Bank's 3-year Strategic Plan predictions.

The stress test scenario analyzes, which are updated quarterly for the Bank, are also structured in a structure parallel to ISEDES practices. Stress testing is carried out by applying two negative scenarios of the relevant year, determined by the BRSA, to the financial statements and capital adequacy ratio components of the period to be tested.

In the stress test study, shocks are given on the basis of two basic parameters (interest and exchange rate), and by each parameter and each scenario the effects of these shocks on;

- i- Balance Sheet and Income Statement
- ii- Legal Equity
- iii- Risk Weighted Assets (RWA)
- iv- Capital Adequacy Ratio (CAR)

are evaluated.

The first parameter used in the scenario analysis is the exchange rate and the other is the interest rates. Exchange rate and interest shocks are designed as base, negative and extremely negative scenarios sent by BRSA.

On the Bank's securities portfolio, portfolio sensitivity is firstly calculated against changes in interest rates, and two separate scenarios are set forth to compensate for the potential loss arising from adverse interest rate changes.

The Bank's "Proforma Cash Flows Statement" analysis, which is prepared based on the possible cash inflows and outflows in the next one-year period, including seven different scenarios, ranging from 45 percent to 95 percent of "loan collection rates" and implicitly including currency and interest forecasts, it is the most detailed scenario analysis that the Bank has prepared. In this analysis, the effects of different collection ratios on the liquidity risk of the Bank are evaluated.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

1. General information on risk management and risk weighted amounts (Continued):

Footnotes and related explanations prepared in accordance with the “Communiqué on Disclosures About Risk Management to Be Announced to Public by Banks” published in the Official Gazette No: 29511 on 23 October 2015 and entered into force as of 31 March 2016 are given in this section. In accordance with the relevant communiqué, the following tables, which should be given quarterly, were not presented as of 31 December 2021, as the Bank's standard approach was used in the calculation of capital adequacy:

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

Overview of risk weighted amounts:

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period (31.12.2021)	Prior Period (31.12.2020)	Current Period (31.12.2021)
1	Credit risk (excluding counterparty credit risk) (CCR)	47.688.742	24.300.933	3.815.099
2	Of which standardized approach (SA)	47.688.742	24.300.933	3.815.099
3	Of which internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	4.132.734	10.520	330.619
5	Of which standardized approach for counterparty credit risk (SA-CCR)	4.132.734	10.520	330.619
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Standard Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market Risk	758.350	26.800	60.668
17	Of which standardized approach (SA)	758.350	26.800	60.668
18	Of which internal model approaches (IMM)	-	-	-
19	Operational Risk	1.253.803	952.909	100.304
20	Of which basic indicator approach	1.253.803	952.909	100.304
21	Of which standardized approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustments	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	53.833.629	25.291.162	4.306.690

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations

General qualitative information on credit risk:

The Bank calculates its legal credit risk as per the framework of the “Regulation on the Measurement and Evaluation of Banks’ Capital Adequacy” and Basel II criteria. The management of credit risk is essential in such a way as to ensure that the standard ratio of legal capital adequacy is above the minimum limit of existing regulations.

Within the scope of “Basel II application” under the measure of credit risk, the standard method prescribed by the BRSA is used and this measurement method based on weighting to the classes and guarantees of the loans is embodied in the KR520 form which is reported monthly to the BRSA. There are basically 3 main headings of the form:

- Risk Classes,
- Credit Risk Reduction Techniques and Credit Risk Substitution Effects,
- Distribution by Risk Weights.

In order to determine the credit risk, the Bank’s Risk Weighted Assets are classified by “Separation On The Basis of Risk Classes”. After the asset is classified according to the risk classes, collaterals received on loans are assessed under Basel II “Credit Risk Mitigation Techniques and Credit Risk Substitution Effects”. The credit risk is measured monthly within the standard method framework, by using the algorithm in the “Basel II Credit Rating Classification”.

Respecting the credit risk management measurement, monitoring, stress testing and scenario analysis studies in line with the volume, quality and complexity of loans and reporting results are provided to the Audit Committee and the Board of Directors.

Beside the standard method for determining the level of credit risk that the Bank may encounter, by moving from the Bank’s loan portfolio structure for risk measurement and monitoring activities;

- Credit Risks by Sectors
- Credit Risks by Region
- Non-performing Loans Analysis
- Concentration Analysis of Credits
- Risks Weights of Loan Collaterals
- Sectoral Risks According to Risk Weights of Loans
- Distribution of Loans by Maturity and Source
- Distribution of Performing Credits are analyzed and reported.

In the Bank’s credit risk management policy, diversification of credit portfolio is essential. Although the Bank is not subject to the credit restrictions imposed on banks accepting deposits pursuant to Article 77 of the Banking Law No. 5411, the Bank has determined its credit limits with the “Credit Regulation” dated January 2019, published with the approval of the Board of Directors. Credit risk limits are determined in the text of “Risk Appetite Structure, Risk Limits and Implementation Principles” approved by the Board of Directors, and the limits are monitored daily, weekly and monthly by the Risk Management Unit and reported to the Top Management.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
2. Credit risk explanations (Continued):
General qualitative information on credit risk:

All units, including the departments within the Scope of Internal Systems, fulfill their duties, authorities, and responsibilities within the scope of credit risk management within the framework of the Banking Law, Internal Systems Regulation, and Bank's Duties, Authorities, Responsibilities, and Organization Principles.

The senior management is responsible for the implementation of the credit risk strategy approved by the board of directors and the development of policies and procedures for the recognition, measurement, monitoring, and control of credit risk, and these policies and procedures include credit risks related to all banking activities in the Bank's portfolio.

The explanations prepared by the "Communiqué on Disclosures About Risk Management to be Announced to Public by Banks" published in the Official Gazette No. 29511 on 23 October 2015, and entered into force as of 31 March 2016, are given below.

The Bank reveals risks of the effects of income/expense, capital loss, liquidity adequacy, etc. that may arise regarding macroeconomic indicators and bank-specific situations with periodic reports and stress test studies. Daily, weekly, monthly and annual reports are produced with the risk measurement models and methods used by the Bank regarding the risk situation of the Bank, and they are regularly reported to the Board of Directors, Audit Committee, and Senior Management. The possible effects on the Bank's equity and capital adequacy ratios and liquidity adequacy level are closely monitored.

It is aimed to disseminate the risk appetite framework and culture created by the Bank through the training given to the personnel, risk measurements and reporting, and risk reporting to the Board of Directors, Senior Management, and Committees.

As a part of the risk appetite structure, it is aimed to determine the risk appetite level of the Bank through regulations such as the determination of risk limits, limit exceedance exceptions, and early warning levels. Limits are updated periodically, taking into account the developments in the Bank's strategy and risk appetite. Early warning levels indicating that the determined limits are approached have also been determined, and in case the limit levels are approached or exceeded, the relevant units take the necessary actions and arrangements. Risk limits are determined together with the relevant senior managers, including the Manager of the Risk Management Unit and the General Manager of the Bank, and submitted to the Board of Directors for approval following the approval of the Audit Committee. While determining the limits, the macroeconomic environment and market trends, as well as the targets and policies of the Bank are taken into account, and risk concentration limits are determined based on sector, geographical region, country and product.

Since the Bank uses a standard approach in capital adequacy calculations, explanations within the scope of the internal rating-based approach are not included.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
2. Credit risk explanations (Continued):
Credit quality of assets:

Current Period (31.12.2021)		Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
1	Loans	855.150	36.628.069	(788.382)	36.694.837
2	Debt securities	-	6.986.053	(61.568)	6.924.485
3	Off-balance sheet assets	2	2.305.845	(20.725)	2.285.122
4	Total	855.152	45.919.967	(870.675)	45.904.444

Prior Period (31.12.2020)		Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
1	Loans	218.511	20.184.212	(344.025)	20.058.698
2	Debt securities	-	2.667.896	(1.732)	2.666.164
3	Off-balance sheet assets	3	730.654	(11.048)	719.607
4	Total	218.514	23.582.762	(356.805)	23.444.469

Changes in non-performing loans and debt securities:
Current Period (31.12.2021)

1	Defaulted loans and debt securities at the end of prior reporting period	218.511
2	Defaulted loans and debt securities from last reporting period	692.567
3	Receivables that are not defaulted	(55.928)
4	Amounts written off	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	855.150


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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
2. Credit risk explanations (Continued):
Changes in non-performing loans and debt securities (Continued):
Prior Period (31.12.2020)

1	Defaulted loans and debt securities at the end of prior reporting period	123.857
2	Defaulted loans and debt securities from last reporting period	131.002
3	Receivables that are not defaulted	(36.348)
4	Amounts written of	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	218.511

Additional disclosures about the credit quality of assets:

The Bank evaluates its financial assets in 3 stages within the scope of TFRS 9. In this context, the Bank calculates the lifetime expected credit loss for the loans that have defaulted (Stage 3) and loans that have not yet defaulted, but have significantly increased credit risk at the date of disbursement of the loan (Stage 2). For other financial assets within the scope of TFRS 9 (Stage 1); the Bank reflects the calculation including the probability of default within 12 months after the reporting date as the expected loss reserve.

Loans and other receivables, including overdue interest, are restructured under the Provisioning Regulation by providing additional credits, if necessary, in order to provide liquidity to the borrower for the purposes of ultimately enabling collection of the receivables in the event that it is arising from temporary liquidity difficulties.

Provisional liquidity problem is considered as manageable cash inflow difficulty arising from the fact that a borrower with credit risk that is able to fulfill its obligations on time and on its terms would have been fundamentally irregular due to fluctuations in sales revenue or operating income due to unforeseen and temporary consequences.

Restructured loans are continued to be classified and followed up in the groups that they are followed up until that date. Within this period, provision continues at rates applicable to the group in which they are monitored for the related receivables.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
2. Credit risk explanations (Continued):
Additional disclosures about the credit quality of assets (Continued):
Breakdown of non-performing loans and respective provisions by geographic regions

Current Period (31.12.2021)	Non-performing loans	Stage 3 Expected Credit Loss
Domestic	855.150	528.440
European Countries	-	-
OECD Countries	-	-
Total	855.150	528.440

Prior Period (31.12.2020)	Non-performing loans	Specific provisions
Domestic	218.511	150.378
European Countries	-	-
OECD Countries	-	-
Total	218.511	150.378

Information in terms of major sectors and type of counterparties

Current Period (31.12.2021)	Loans	Non-Performing Loans	Expected Credit Loss Provision	Total
Agriculture	52.051	-	1.354	50.697
Farming and animal breeding	52.051	-	1.354	50.697
Forestry	-	-	-	-
Fishery	-	-	-	-
Industry	25.869.544	791.666	675.962	25.985.248
Mining and quarry	-	-	-	-
Manufacturing	6.032.518	17.043	37.360	6.012.201
Electricity, gas and water	19.837.026	774.623	638.602	19.973.047
Construction	49.394	-	464	48.930
Service	10.593.139	62.350	109.407	10.546.082
Wholesale and retail trade	47.373	-	227	47.146
Hotel and food services	1.413.934	55.615	70.170	1.399.379
Transportation and communication	525.831	-	2.439	523.392
Financial institutions	8.126.829	-	25.054	8.101.775
Real estate and leasing services	253.133	-	4.180	248.953
Self-employment services	-	-	-	-
Educational services	97.238	-	372	96.866
Health and social services	128.801	6.735	6.965	128.571
Other	63.941	1.134	1.195	63.880
Total	36.628.069	855.150	788.382	36.694.837



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Information in terms of major sectors and type of counterparties

	Loans	Non-Performing Loans	Expected Credit Loss Provision	Total
(Prior Period 31.12.2020)				
Agriculture	-	-	-	-
Farming and animal breeding	-	-	-	-
Forestry	-	-	-	-
Fishery	-	-	-	-
Industry	13.837.906	148.678	242.561	13.744.023
Mining and quarry	-	-	-	-
Manufacturing	2.314.042	24.470	29.941	2.308.571
Electricity, gas and water	11.523.864	124.208	212.620	11.435.452
Construction	20.034	-	245	19.789
Service	6.277.801	68.727	100.068	6.246.460
Wholesale and retail trade	45.339	-	262	45.077
Hotel and food services	1.177.338	62.073	67.377	1.172.034
Transportation and communication	331.527	-	3.813	327.714
Financial institutions	4.533.679	-	20.709	4.512.970
Real estate and leasing services	-	-	-	-
Self-employment services	-	-	-	-
Educational services	94.056	-	996	93.060
Health and social services	95.862	6.654	6.911	95.605
Other	48.471	1.106	1.151	48.426
Total	20.184.212	218.511	344.025	20.058.698

Maturity analysis for non-performing loans

	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and above
Current Period (31.12.2021)					
Corporate and Commercial Loans	656.092	-	118.531	815	78.578
Other	-	-	-	-	1.134
Total	656.092	-	118.531	815	79.712

	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and above
Prior Period (31.12.2020)					
Corporate and Commercial Loans	124.121	-	3.358	4.499	85.427
Other	-	-	-	-	1.106
Total	124.121	-	3.358	4.499	86.533

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Breakdown of restructured receivables by whether provision has been made or not.

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	Loan Balance	Expected Loss Provisions	Loan Balance	Expected Loss Provisions
Restructured from Performing Loans	387.610	6.534	261.954	11.244
Restructured from Non-Performing Loans	31.198	145	-	-
Toplam	418.808	6.679	261.954	11.244

Qualitative requirements to be disclosed to the public regarding credit risk mitigation techniques:

In the calculation of the amounts subject to credit risk, the Bank evaluates the loans in terms of risk weight, taking into consideration the risk classes, grading notes and risk reduction elements within the context of "Communiqué on Credit Risk Mitigation Techniques".

The Bank does not make on-balance sheet and off-balance sheet netting within the scope of credit risk mitigation. Applications related to valuation and management of collateral are carried out in line with the "Communiqué on Credit Risk Mitigation Techniques". Main guarantees taken by the Bank in the context of credit risk mitigation techniques are financial guarantees (cash) and guarantees (Turkish Treasury and banks). Monetary guarantees are evaluated with the most recent values as of the reporting date in the credit risk reduction process. In the event that a bank loan customer receives guarantees obtained from other institutions, the credit risk worthiness of the guaranteeing institution in the credit risk reduction process is taken into consideration. Risk-reducing effects of collaterals are taken into account through standard volatility adjustments in the portfolios in which the comprehensive financial guarantee method is used.

Overview of credit risk mitigation techniques:

	Current Period (31.12.2021)	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	1.090.349	36.392.870	100%	-	-	-	-	-
2 Debt Instruments	-	6.928.614	100%	-	-	-	-	-
3 Total	1.090.349	43.321.484	100%	-	-	-	-	-
4 Overdue	-	855.150	100%	-	-	-	-	-

	Prior Period (31.12.2020)	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	47.362	20.355.361	100%	-	-	-	-	-
2 Debt Instruments	-	2.667.896	100%	-	-	-	-	-
3 Total	47.362	23.023.257	100%	-	-	-	-	-
4 Overdue	-	218.511	100%	-	-	-	-	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2.Credit risk explanations (Continued):

Qualitative information on ratings used by the banks while calculating credit risk with standard approach :

The risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are determined pursuant to the regulations. Any external risk ratings which are determined by any international rating agency are not used.

Standard Approach - Credit risk exposure and credit risk mitigation effects:

The Bank calculates the credit risk with a standard approach and do not use a rating grade.

Current Period (31.12.2021)	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amount and Intensity of Risk Weighted Amount	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Intensity of risk weighted amount
Risk Class						
Exposures to sovereigns and central banks	5.702.181	-	6.348.981	-	4.569.211	72,0%
Exposures to regional and local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	13.509.532	174.514	20.751.762	9	16.861.385	81,3%
Exposures to corporates	29.919.733	5.816.743	26.910.967	2.278.352	29.189.319	100,0%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	51.764	-	51.764	-	29.687	57,4%
Exposures secured by commercial property	879.074	-	879.074	-	482.856	54,9%
Overdue items	326.711	-	326.710	-	163.355	50,0%
Exposures in high-risk categories	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	213.743	31.856	270.109	110,0%
Other exposures	229.623	-	231.473	-	228.169	98,6%
Equity share investments	-	-	-	-	-	-
Total	50.618.618	5.991.257	55.714.474	2.310.217	51.794.091	89,3%

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach - Exposure to credit risk and credit risk mitigation effects (Continued):

Prior Period (31.12.2020)	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amount and Intensity of Risk Weighted Amount	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Intensity of risk weighted amount
Risk Class						
Exposures to sovereigns and central banks	2.633.292	-	3.024.492	-	1.938.751	%64,1
Exposures to regional and local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	9.667.952	9	9.887.442	9	7.121.138	%72,0
Exposures to corporates	14.258.338	8.475.932	13.059.117	713.735	13.772.852	%100,0
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	40.916	-	40.916	-	23.097	%56,5
Exposures secured by commercial property	2.013.892	-	1.999.392	-	1.039.640	%52,0
Overdue items	68.132	-	68.133	-	66.804	%98,0
Exposures in high-risk categories	119.725	24.399	119.725	24.399	216.185	%150,0
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-
Other exposures	137.350	-	137.350	-	132.985	%96,8
Equity share investments	-	-	-	-	-	-
Total	28.939.597	8.500.340	28.336.567	738.143	24.311.452	%83,6



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach: Exposures by asset classes and risk weights:

The Bank calculates the credit risk with the standard approach and does not use a rating score.

Current Period (31.12.2021)													Total risk amount (after CCF and CRM)
	Risk Class/Risk Weight	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	
1	Exposures to sovereigns and their central banks	1.779.770	-	-	-	-	-	-	4.569.211	-	-	-	6.348.981
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	80.032	-	4.641.144	-	-	194.878	-	15.835.717	-	-	-	20.751.771
7	Exposures to corporates	-	-	-	-	-	-	-	29.189.319	-	-	-	29.189.319
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	-	-	44.154	-	7.610	-	-	-	51.764
10	Exposures secured by commercial property	-	-	-	-	-	792.437	-	86.637	-	-	-	879.074
11	Past-due items	-	-	-	-	-	326.710	-	-	-	-	-	326.710
12	Exposures in high-risk categories	-	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized securities	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	196.580	49.019	-	-	245.599
16	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-
17	Equity share investments	3.303	-	-	-	-	-	-	228.170	-	-	-	231.473
18	Total	1.863.105	-	4.641.144	-	-	1.358.179	-	50.113.244	49.019	-	-	58.024.691

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach: Exposures by asset classes and risk weights (Continued):

Prior Period (31.12.2020)													Total risk amount (after CCF and CRM)
	Risk Class/Risk Weight	0%	10%	20%	50% Secured by property mortgages	75%	100%	150%	250%	Other			
1	Exposures to sovereigns and their central banks	1.085.741	-	-	-	-	1.938.751	-	-	-	-	-	3.024.492
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	1.500.739	-	1.466.571	184.635	-	6.735.506	-	-	-	-	-	9.887.451
7	Exposures to corporates	-	-	-	-	-	13.772.852	-	-	-	-	-	13.772.852
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	35.638	-	5.278	-	-	-	-	-	40.916
10	Exposures secured by commercial property	-	-	-	1.919.505	-	79.887	-	-	-	-	-	1.999.392
11	Past-due items	-	-	-	2.659	-	65.474	-	-	-	-	-	68.133
12	Exposures in high-risk categories	-	-	-	-	-	-	144.124	-	-	-	-	144.124
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-
16	Other exposures	4.364	-	-	-	-	132.986	-	-	-	-	-	137.350
17	Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
18	Total	2.590.844	-	1.466.571	2.142.437	-	22.730.734	144.124	-	-	-	-	29.074.710


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
3. Explanations on counterparty credit risk:
Evaluation of counterparty credit risk according to measurement methods:

A counterparty credit risk is the risk that a counterparty who is involved in a transaction that is liable to both parties defaults before the final payment in the cash flow of that transaction.

The Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions, such as off-balance sheet over the counter derivative transactions, by taking into account risk capacities.

Transactions made by the Treasury Department including counter-party risks such as over the counter forward, swaps and options are reported daily to the Senior Management and Risk Management Department. All transactions made with counterparty are considered within the limits of the counterparty. Exceeded limits are reported daily to the responsible managers and are recorded with all measures taken to overcome these limitations.

Current Period (31.12.2021)		Replacement Cost	Potential Credit Risk Amount	EEPE	Alpha Used for Competing Regulatory EAD	EAD Post-CRM	Risk Weighted Amounts
1	Standardized Approach - CCR (for derivatives)	-	-	-	1,4	-	-
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					4.406.176	4.129.777
6	Total						4.129.777

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
3. Explanations on counterparty credit risk (Continued):
Evaluation of counterparty credit risk according to measurement methods

Prior Period (31.12.2020)		Replacement Cost	Potential Credit Risk Amount	EEPE	Alpha Used for Competing Regulatory EAD	EAD Post-CRM	Risk Weighted Amounts
1	Standardized Approach - CCR (for derivatives)	-	-	-	1,4	-	-
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					25.419	6.047
6	Total						6.047

Capital Requirements for CVA:

Derivative transactions of the Bank consists of forward foreign exchange buying and selling and swap money buying and selling transactions. There are no interest-based swap transactions, option contracts and other derivative transactions. There are no derivative products to be created to differentiate them from the main product of the Bank, and there are no transactions with possibility of collateral completion.

The Bank's two-legged derivative portfolio includes swap transactions that are not affected by market exchange rate and interest rate movements. As of both legs, debit and credit amounts at the end of maturity are guaranteed by contract in advance. However, by the accounting method, derivative financial instruments are recorded with their fair values at the contract date and are revalued with their fair values in the reporting periods. Accordingly, counterparty risk is calculated for the portfolio in question during the reporting periods, and credit valuation adjustments are not calculated since there are no derivative transactions that will be affected by speculative market prices.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
3. Explanations on counterparty credit risk (Continued):

Standard approach - counterparty credit risk based on risk classes and risk weights:

Current Period (31.12.2021)									
Risk Weights/Risk Class	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	14.798	-	-	-	-	-	-	-	-
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	327.001	-	-	4.064.377	-	-	4.129.777
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	14.798	-	327.001	-	-	4.064.377	-	-	4.129.777

(*) Total credit risk: Risk amount related to capital adequacy computation after the counterparty credit risk measurement techniques are applied.

(**) Other receivables: Includes amounts not included in the counterparty credit risk reported in the table of risks to the central counterparty.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
3. Explanations on counterparty credit risk (Continued):

Standard approach - counterparty credit risk based on risk classes and risk weights (Continued):

Prior Period (31.12.2020)									
Risk Weights/Risk Class	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	18.958	-	-	-	-	-	-	-	-
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	517	-	-	5.944	-	-	6.047
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-
Overdue items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	18.958	-	517	-	-	5.944	-	-	6.047

(*) Total credit risk: Risk amount related to capital adequacy computation after the counterparty credit risk measurement techniques are applied.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
3. Explanations on counterparty credit risk (Continued):
Collaterals for counterparty credit risk:

A counterparty credit risk is the risk that a counterparty who is involved in a transaction that is liable to both parties defaults before the final payment in the cash flow of that transaction.

The Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions, such as off-balance sheet derivative transactions, by taking into account risk capacities.

Current Period (31.12.2021)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	84.925	655.929
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	84.925	655.929

Prior Period (31.12.2020)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	1.549.109	205.332
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	1.549.109	205.332

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
3. Explanations on counterparty credit risk (Continued):
Credit derivatives

None.

Exposures to central counterparties (CCP)

None.

Explanations on securitizations

None.

4. Explanations on market risk:
Qualitative information to be publicly disclosed on market risk:

The Bank is exposed to market risk depending on the fluctuations that may occur in the financial market as a result of its activities, in exchange rates, interest rates and stock prices.

The Bank calculates and legally reports its market risk by using the standard method within the framework of the provisions of the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy" published in the Official Gazette No. 29511 dated 23 October 2015.

In addition to the monthly standardized methodology, the market risk is calculated on a daily basis using the Value At Risk ("VaR") approach. The VaR calculated by using the internal model to predict the potential loss in financial market conditions, the stress tests and scenario analysis results, including the price changes occurring in the crises that occurred in previous years or the probable effects of different interest and exchange rate shocks on existing portfolios are reported to Audit Committee and top management.

In accordance with the "Regulation on the Internal Systems of Banks and the Internal Capital Adequacy Assessment Process" published on the Official Gazette dated 11 July 2014 and numbered 29057, the limits of these risks are determined by taking into account the main risks borne by the Bank and such risk limits are determined within the framework of changing market conditions and Bank strategies "Risk Appetite Structure, Risk Limits and Implementation Principles" which are frequently revised and approved by the Board of Directors.

The reports prepared within the framework of compliance with the risk limits are regularly presented to the Board of Directors, the Audit Committee and senior management.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

4. Explanations on market risk (Continued):

PR1-Market risk amounts based on standard approach:

		Current Period 31.12.2021	Prior Period 31.12.2020
		RAT	RAT
	Direct (cash) Products		
1	Interest rate risk (general and specific)	-	-
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	758.350	26.800
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitization	-	-
9	Total	758.350	26.800

5. Link between the financial statements and risk amounts:

Explanations on differences between the amounts prepared as per TAS and the risk amounts:

“Credit Risks” are calculated over the securities classified as “Financial assets at fair value through profit or loss” and “Financial assets at fair value through other comprehensive income”.

Repurchase and reverse repo transactions of the Bank are subject to “Counterparty Credit Risks” and the Capital Obligation against Counterparty Credit Risk is calculated and reported under the “Credit Risk”. In addition, “Market Risk” is calculated over the securities used in the “Reverse Repo” transactions.

The amount included in the “Off-balance sheet amounts” line of the B2 table is reported as “Subject to Credit risk” by multiplying with “Credit Conversion Rates”.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
5. Linkages between the financial statements and risk amounts (Continued):
Differences and matching between accounting consolidation and legal consolidation:

Current Period (31.12.2021)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TMS				
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and Balances with the Central Bank	2.050	-	2.050	-	-	-	-
Financial assets held for trading	7.124	-	7.124	-	-	-	-
Financial assets at fair value through profit or loss	213.743	-	213.743	-	-	-	-
Banks	3.273.102	-	3.273.102	-	-	-	-
Interbank money market	992.465	-	912.434	80.031			
Financial Assets at Fair Value Through Other Comprehensive Income	3.932.699	-	3.932.699	-	-	-	-
Derivative Financial Assets	365	-	365	-	-	-	-
Loans and Receivables	36.694.836	-	36.694.836	-	-	-	-
Factoring receivables	-	-	-	-	-	-	-
Financial Assets Measured at Amortised Cost	3.011.037	-	3.011.037	-	-	-	-
Investments in associates	10.119	-	10.119	-	-	-	-
Subsidiaries	3.050	-	3.050				
Lease receivables	-	-	-	-	-	-	-
Tangible assets (net)	27.424	-	27.424	-	-	-	-
Intangible assets (net)	21.873	-	-	-	-	-	21.873
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	95.478	-	95.478	-	-	-	-
Other assets	95.369	-	95.369	-	-	-	-
Total Assets	48.380.734	-	48.278.830	80.031	-	-	21.873


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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
5. Linkages between the financial statements and risk amounts (Continued):
Differences between accounting consolidation and legal consolidation (Continued):

Current Period (31.12.2021)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TMS				
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Liabilities							
Deposit	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	26.693	-	-	-	-	-	-
Borrowing funding loans	37.962.817	-	-	-	-	-	-
Money markets balances	636.329	-	-	636.329	-	-	-
Issued securities	-	-	-	-	-	-	-
Funds	1.528.791	-	-	-	-	-	-
Miscellaneous Payables	211.336	-	-	-	-	-	-
Other external funding's payable	93.518	-	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-	-
Debts from leasing transactions	9.903	-	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-	-
Provisions	72.772	-	-	-	-	-	-
Tax liability	24.354	-	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-	-
Subordinated debts	3.350.857	-	-	-	-	-	-
Shareholders' equity	4.463.364	-	-	-	-	-	-
Total liabilities and equity	48.380.734	-	-	636.329	-	-	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Differences between accounting consolidation and legal consolidation (Continued):

Prior Period (31.12.2020)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TMS				
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and Balances with the Central Bank	1.126	-	1.126	-	-	-	-
Financial assets held for trading	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	119.725	-	119.725	-	-	-	-
Banks	3.555.637	-	3.555.637	-	-	-	-
Interbank money market	1.499.793	-	-	1.499.793			
Financial assets available- for-sale (net)	965.542	-	965.542	-	-	-	-
Loans	43	-	43	-	-	-	-
Factoring receivables	20.058.698	-	20.058.698	-	-	-	-
Investments held to maturity (net)	-	-	-	-	-	-	-
Investments in associates	1.716.260	-	1.716.260	-	-	-	-
Subsidiaries	20.543	-	20.543	-	-	-	-
Lease receivables	30	-	30	-	-	-	-
Tangible assets (net)	46.139	-	46.139	-	-	-	-
Intangible assets (net)	17.744	-	-	-	-	-	17.744
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	17.990	-	17.990	-	-	-	-
Other assets	54.100	-	54.100	-	-	-	-
Total Assets	28.073.370	-	26.555.833	1.499.793	-	-	17.744


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Risk Management (Continued):
5. Linkages between the financial statements and risk amounts (Continued):
Differences between accounting consolidation and legal consolidation (Continued):

Prior Period (31.12.2020)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TMS				
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Liabilities							
Deposit	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	47	-	-	-	-	-	-
Borrowing funding loans	21.762.739	-	-	-	-	-	-
Money markets balances	205.378	-	-	205.378	-	-	-
Issued securities	-	-	-	-	-	-	-
Funds	245.216	-	-	-	-	-	-
Miscellaneous Payables	126.137	-	-	-	-	-	-
Other external funding's payable	42.676	-	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-	-
Debts from leasing transactions	13.575	-	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-	-
Provisions	51.012	-	-	-	-	-	-
Tax liability	45.148	-	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-	-
Subordinated debts	1.993.243	-	-	-	-	-	-
Shareholders' equity	3.588.199	-	-	-	-	-	-
Total liabilities and equity	28.073.370	-	-	205.378	-	-	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Main sources of differences between the risk amounts and carrying values in financial statements prepared as per TAS:

	Current Period (31.12.2021)	Total	Subject to credit risk	Securitization positions	Subject to counterparty risk	Subject to market risk
1	Carrying values of assets in accordance with TAS within legal consolidation	48.380.734	48.278.833	-	80,031	-
2	Carrying values of liabilities in accordance with TAS within legal consolidation	48.380.734	-	-	(636.329)	-
3	Total net amount under legal consolidation	-	48.278.833	-	(556.298)	-
4	Off-balance sheet items	10.830.077	5.027.287	-	2.554.289	-
5	Valuation differences	-	-	-	-	-
6	Differences arising from netting of differences (outside line 2)	-	-	-	-	-
7	Differences arising from consideration of provisions	-	-	-	-	-
8	Differences arising from the applications of the BRSA	-	-	-	-	-
	Risk balances	59.210.811	53.306.120	-	1.997.991	-

	Prior Period (31.12.2020)	Total	Subject to credit risk	Securitization positions	Subject to counterparty risk	Subject to market risk
1	Carrying values of assets in accordance with TAS within legal consolidation	28.073.370	26.555.833	-	1.499.793	-
2	Carrying values of liabilities in accordance with TAS within legal consolidation	28.073.370	-	-	(205.378)	-
3	Total net amount under legal consolidation	-	26.555.833	-	1.294.415	-
4	Off-balance sheet items	9.229.631	79.225	-	-	-
5	Valuation differences	-	-	-	-	-
6	Differences arising from netting of differences (outside line 2)	-	-	-	-	-
7	Differences arising from consideration of provisions	-	-	-	-	-
8	Differences arising from the applications of the BRSA	-	-	-	-	-
	Risk balances	37.303.001	26.635.058	-	1.294.415	-

There is no significant difference between the amounts reported in the financial statements by TAS and the risk amounts used within the scope of capital adequacy.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

6. Explanations on operational risk:

According to the Bank's Operational Risk Management Policy, operational risk management practices are developed taking into account overlooking of errors and irregularities as a result of disruptions in internal controls, failure to comply with time and conditions by the Bank's management and personnel, errors and failures in information technology systems, and losses due to disasters such as earthquakes, fires, floods, and other factors that may occur on the basis of the Bank and the sector.

Operational risk amount is calculated by using the basic indicator approach within the scope of 14th Article of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". The value is, 15% of the Banks' gross income for the last three years multiplied with 12,5.

Annual gross income, as included in the income statement in financial reports is calculated by adding net fees and commissions income, dividend income from stocks other than subsidiary and affiliate shares, trading profit/loss (net) and other operating income to net interest income, by deducting profit/loss from the sale of assets monitored in held-to-maturity securities accounts, extraordinary income and insurance claims.

Current Period (31.12.2021)	31.12.2018	31.12.2019	31.12.2020	Total / Positive BG year amount	Ratio (%)	Total
Gross income	479.661	755.704	770.717	668.694	15	100.304
Value at operational risk (Total * 12,5)						1.253.803

Prior Period (31.12.2020)	31.12.2017	31.12.2018	31.12.2019	Total / Positive BG year amount	Ratio (%)	Total
Gross income	289.290	479.661	755.704	508.218	15	76.233
Value at operational risk (Total * 12,5)						952.909

The Operational Risk Management Policy, which was renewed in order to determine the policies, principles, approaches and basic elements in Operational Risk Management in order to reveal the risks that the Bank will be exposed to in line with the general strategies and long-term goals and the strategies to be followed for these risks, was approved by the Board of Directors as of 30.12.2020. With this policy, it is aimed to contribute to the establishment of an established and consistent "Operational Risk Culture" throughout the Bank by defining, determining, measuring, evaluating and reporting Operational Risks.

Audit findings, internal loss data, risk control and self-assessment report, operational risk analysis report, external data, business process map and key risk indicators will be envisaged to use in the identification and assessment of operational risk. Regarding the analysis of operational risk, risk control and self-assessment studies, operational risk analysis report, scenario analysis and stress tests are envisaged. Within the scope of reducing the operational risks and increasing the efficiency of the operational risk management process, the use of methods such as controlling the exposed risks by applying determined policies and procedures, reducing by using risk reduction techniques such as insurance, transferring them to another area are the basic elements that will increase the effectiveness of operational risk management can be listed.

Support Services procedures, emergency and contingency plans that enable the transfer of operational risks, emergency and contingency plans, as well as special policies, procedures and controls for money laundering and terrorist financing that may cause operational risks, management of IT risks are foreseen to be created.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

6. Explanations on operational risk (Continued):

In the Bank, all operational risks are within the framework of defining, evaluating, monitoring and controlling / reducing risks. All operational risks in the Bank, within the framework of the identification, evaluation, monitoring and control/reduction of risks, is managed under the supervision of the Board of Directors and the Audit Committee. The results of the activities of the Internal Audit Unit and Internal Control and Compliance Unit for monitoring operational risks are monitored and evaluated by the Audit Committee.

Legal measurements for Operational Risk are made using the Basic Indicator Method within the scope of the Regulation on Measurement and Assessment of Capital Adequacy of Banks. Studies of other measurement methods for Measurement of Operational Risks within the scope of Basel and BRSA regulations are carried out by the Risk Management Unit.

7. Interest rate risk on banking accounts:

Bank calculates the interest rate risk on banking book according to “Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method” and reports to the BRSA monthly.

Interest Rate Risk on Banking Book report includes Receivables from Central Bank, Money Market Placements, Receivables from Banks, Financial Assets at Fair Value Through Other Comprehensive Income (excluding government bonds), Receivables from Reverse-repo, Loans and Receivables, Other Financial Assets Measured at Amortised Cost and Other Receivables in the asset side, and Payables to Central Bank, Money Market Borrowings, Payables to Banks, Funds Obtained from Repo Transactions, Issued Bonds; Borrowings, Subordinated Debt and Other Payables on the liabilities side.

Economic value differences due to the interest rate instabilities calculated according to “Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method” are presented below for each currency.

	Current Period (31.12.2021)	Applied Shock (+/- x base points)	Gains / Losses	Gains / Equity – Losses / Equity
1	TL	(+) 500 base points	(46.065)	(0.60)%
2	TL	(-) 400 base points	40.876	0.53%
3	EURO	(+) 200 base points	184.014	2.40%
4	EURO	(-) 200 base points	(263.761)	(3.43)%
5	USD	(+) 200 base points	326.168	4.25%
6	USD	(-) 200 base points	(431.919)	(5.62)%
	Total (Of Negative Shocks)		464.117	6.04%
	Total (Of Positive Shocks)		(654.804)	(8.53)%

	Prior Period (31.12.2020)	Applied Shock (+/- x base points)	Gains / Losses	Gains / Equity – Losses / Equity
1	TL	(+) 500 base points	(25.772)	(0.46)%
2	TL	(-) 400 base points	24.530	0.43%
3	EURO	(+) 200 base points	92.794	1.64%
4	EURO	(-) 200 base points	(111.878)	(1.98)%
5	USD	(+) 200 base points	(99.413)	(1.76)%
6	USD	(-) 200 base points	117.455	2.08%
	Total (Of Negative Shocks)		(32.391)	(0.58)%
	Total (Of Positive Shocks)		30.107	0.53%

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Notes Related to Assets:

1. Information on financial assets:

1.1. Information on cash and cash equivalents:

1.1.1. Information on cash and balances with the Central Bank of the Republic of Turkey:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Cash in TL/Foreign currency	24	-	10	-
CBRT	2.027	-	1.116	-
Other	-	-	-	-
Total	2.051	-	1.126	-

1.1.1.a. Information on required reserve deposits:

Since the Bank does not accept deposits, it is not subject to Central Bank of the Republic of Turkey's Communiqué No: 2005/1 “Reserve Requirements”.

1.1.1.b. Information on the account of Central Bank of the Republic of Turkey:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Unrestricted Demand Deposit	2.027	-	1.116	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	2.027	-	1.116	-

1.1.2. Information on banks:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Banks				
Domestic	2.950.096	301.146	1.451.203	2.007.772
Foreign	-	27.433	-	104.899
Foreign Head Office and Branches	-	-	-	-
Total	2.950.096	328.579	1.451.203	2.112.671

1.1.2.a. Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period (31.12.2021)	Prior Period (31.12.2020)	Current Period (31.12.2021)	Prior Period (31.12.2020)
EU Countries	13.914	20.640	-	-
USA and Canada	13.519	1.989	-	-
OECD Countries	-	82.270	-	-
Off-Shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	27.433	104.899	-	-



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued)

1.1. Information on cash and cash equivalents (Continued):

1.1.3. Information on money market placements:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Money Market Placements	913.250	-	-	-
Receivables from Reverse Repo Transactions	80.032	-	1.500.739	-
Total	993.282	-	1.500.739	-

1.1.4. Information on expected credit loss provisions for financial assets:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Cash and Balances with Central Bank	1	-	1	-
Banks	5.573	-	8.237	-
Receivables from Money Market	817	-	945	-
Total	6.391	-	9.183	-

1.2. Financial assets at fair value through profit and loss subject to repurchase agreements(Net):

None.

1.2.a) Financial assets at fair value through profit and loss given as collateral or blocked(Net):

None.

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

1.3.a-1) Financial assets measured at fair value through other comprehensive income subject to repurchase agreements:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	522.914	-	205.332	-
Other	-	-	-	-
Total	522.914	-	205.332	-

1.3.a-2) Information on financial assets measured at fair value through other comprehensive income given as collateral or blocked:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	192.716	-	63.299	-
Other	-	-	-	-
Total	192.716	-	63.299	-

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued)

1.3. Information on financial assets measured at fair value through other comprehensive income (Continued):

1.3.a-3) Information on financial assets measured at fair value through other comprehensive income:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Debt Securities	3.973.661	950.554
Quoted on a stock exchange	3.973.661	950.554
Unquoted	-	-
Share Certificates	17.800	17.800
Quoted on a stock exchange	-	-
Unquoted	17.800	17.800
Provision for impairment (-)	(58.762)	(2.812)
Total	3.932.699	965.542

1.4. Information on derivative financial assets:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Forward Transactions	-	-	43	-
Swap Transactions	365	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	365	-	43	-

2. Explanations on financial assets measured at amortized cost (Net):

2.1. Information on loans:

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

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	10	-	385	-
Total	10	-	385	-



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Assets (Continued))

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.b) Information on standard loans and loans under close monitoring (first and second group loans) including restructured loans under follow up:

Cash Loans Current Period (31.12.2021)	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Non-specialized loans	33.305.815	1.787.682	218.535	-
Working capital loans	3.413.178	4.762	124.613	-
Export loans	19.840	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	2.752.407	-	-	-
Consumer loans	10	-	-	-
Credit cards	-	-	-	-
Other	27.120.380	1.782.920	93.922	-
Specialized loans	1.031.540	216.994	67.503	-
Other receivables	-	-	-	-
Total	34.337.355	2.004.676	286.038	-

Cash Loans Prior Period (31.12.2020)	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Non-specialized loans	17.884.849	981.178	129.341	-
Working capital loans	679.014	7.258	16.104	-
Export loans	33.714	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	1.456.238	-	-	-
Consumer loans	384	-	-	-
Credit cards	-	-	-	-
Other	15.715.499	973.920	113.237	-
Specialized loans	1.000.405	150.766	37.673	-
Other receivables	-	-	-	-
Total	18.885.254	1.131.944	167.014	-

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
First and Second Stage Expected Loss Reserves	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Losses	177.914	-	132.139	-
Significant Increase in Credit Risk	-	82.028	-	61.508

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Assets (Continued)

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.c) Loans according to their maturity structure:

Cash Loans Current Period (31.12.2021)	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Short term loans	17.500	42.460	192.116	-
Medium and long term loans	34.319.855	1.962.216	93.922	-

Cash Loans Prior Period (31.12.2020)	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Short term loans	289.392	9.226	49.038	-
Medium and long term loans	18.595.862	1.122.718	117.976	-


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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
1. Explanations and Notes Related to Assets (Continued):
2. Explanations on financial assets measured at amortized cost (Net) (Continued):
2.1. Information on loans (Continued):
2.1.ç) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards:

Current Period (31.12.2021)	Short Term	Medium and Long Term	Total
Consumer Loans- TL	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans -Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans - TL	-	10	10
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	10	10
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	-	10	10

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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
1. Explanations and Notes Related to Assets (Continued):
2. Explanations on financial assets measured at amortized cost (Net) (Continued):
2.1. Information on loans (Continued):
2.1.ç) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards (Continued):

Prior Period (31.12.2020)	Short Term	Medium and Long Term	Total
Consumer Loans- TL	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans -Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans - TL	-	385	385
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	385	385
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	-	385	385



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.d) Information on commercial loans with installments and corporate credit cards:

The Bank has not granted any commercial loans with installments and corporate credit cards as of balance sheet date.

2.1.e) Loans according to type of borrowers:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Public	-	-
Private	36.628.069	20.184.212
Total	36.628.069	20.184.212

2.1.f) Breakdown of domestic and international loans:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Domestic loans	36.628.069	20.184.212
International loans	-	-
Total	36.628.069	20.184.212

2.1.g) Loans granted to subsidiaries and associates:

TL 3.834 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed at Group V. TL 3.834 default (stage III) provision has been provided for this loan.

2.1.ğ) Default (third stage) provisions:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Loans and other receivables with limited collectability	448.302	62.005
Loans and other receivables with doubtful collectability	-	-
Uncollectible loans	80.138	88.373
Total	528.440	150.378

2.1.h) Information on non-performing loans (Net):

2.1.h-1) Information on loans and other receivables restructured or rescheduled from non-performing loans:

	III. Grup Loans With Limited Collectability	IV. Grup Loans With Doubtful Collectability	V. Grup Uncollectible Loans
Current Period (31.12.2021)			
Gross amounts before specific provisions	656.093	-	80.527
Restructured loans	118.530	-	-
Prior Period (31.12.2020)			
Gross amounts before specific provisions	127.479	-	91.032
Restructured loans	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Informations on loans (Continued):

2.1.h-2) Information on the movement of non-performing receivables:

	III. Grup Loans and Other Receivables With Limited Collectability	IV. Grup Loans and Other Receivables With Doubtful Collectability	V. Grup Uncollectible Loans and Other Receivables
Prior period end balance (31.12.2020)	127.479	-	91.032
Additions (+)	660.487	-	32.080
Transfer from other categories of non-performing loans (+)	-	-	-
Transfer to other categories of non-performing loans (-)	(2.334)	-	(31.131)
Collections (-)	(11.009)	-	(11.454)
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance (31.12.2021)	774.623	-	80.527
Specific provisions (-)	(448.302)	-	(80.138)
Net balance on balance sheet	326.321	-	389

2.1.h-3) Information on accruals of interest, rediscount and valuation effect and their provisions calculated for under follow-up loans banks which provide expected credit loss according to TFRS 9:

	III. Grup Loans and Other Receivables With Limited Collectability	IV. Grup Loans and Other Receivables With Doubtful Collectability	V. Grup Uncollectible Loans and Other Receivables
Current Period (31.12.2021)			
Interest accruals and rediscount with valuation differences	20.474	-	378
Provision amount (-)	(20.474)	-	(378)
Net Balance	-	-	-
Prior Period (31.12.2020)			
Interest accruals and rediscount with valuation differences	1.142	-	774
Provision amount (-)	(1.142)	-	(774)
Net Balance	-	-	-

2.1.h-4) Information on foreign currency non-performing loans:

The Bank converts the foreign currency loans which become non-performing loans into Turkish Lira at the exchange rates on the date they are transferred to the non-performing loans account and monitors them over their amounts.


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EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. Explanations and Notes Related to Assets (Continued):
2. Explanations on financial assets measured at amortized cost (Net) (Continued):
2.1. Informations on loans (Continued):
2.1.h-5) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Grup	IV. Grup	V. Grup
	Loans and Other Receivables With Limited Collectability	Loans and Other Receivables With Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net) (31.12.2021)	326.321	-	389
Loans to Real Persons and Legal Entities (Gross)	774.623	-	80.527
Specific provisions (-)	(448.302)	-	(80.138)
Loans to Real Persons and Legal Entities (Net)	326.321	-	389
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net) (31.12.2020)	65.474	-	2.659
Loans to Real Persons and Legal Entities (Gross)	127.479	-	91.032
Specific provisions (-)	(62.005)	-	(88.373)
Loans to Real Persons and Legal Entities (Net)	65.474	-	2.659
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

2.1.h-6) Net value of collateral of loans under close monitoring, collateral type and risk mapping:

Type of collateral	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	Net Value of Collateral	Loan Balance	Net Value of Collateral	Loan Balance
Real Estate Mortgages (*)	981.315	981.315	619.328	619.328
Vehicle Pledges	-	-	-	-
Cash Collateral (Cash, Marketable Securities, etc.)	-	-	-	-
Pledge on wages	-	-	-	-
Cheque/Notes	-	-	-	-
Other (suretyship, commercial enterprise pledge, export documents etc.)	1.309.399	1.309.399	679.630	679.630
Non-collateralized	-	-	-	-
Total	2.290.714	2.290.714	1.298.958	1.298.958

(*) Between the appraisal and mortgage amount lower one and if these exceed the credit risk, loan amount is taken into account as the net value of the collateral.

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EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. Explanations and Notes Related to Assets (continued):
2. Explanations on financial assets measured at amortized cost (Continued):
2.1. Informations on loans (Continued):
2.1.h.7) Net Value of Collaterals of Non-performing Loans, Collateral Types and Risk Mapping:

Type of collateral	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	Net Value of Collateral	Loan Balance	Net Value of Collateral	Loan Balance
Real estate mortgages (*)	846.569	846.569	206.723	206.723
Cash collateral	-	-	-	-
Vehicle pledges	-	-	-	-
Other (suretyship, commercial enterprise pledge, commercial valuable papers etc.)	-	-	3.446	3.446
Non-collateralized	-	8.581	-	8.342
Total	846.569	855.150	210.169	218.511

(*) The loan amount is taken into account as the net value of the collateral, which is lower than the appraisal and mortgage amount or if these exceed the credit risk.

2.1.i) Main principles of liquidating non-performing loans and other receivables:

If there are collateral elements in the fourth section of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Reserved for them, these elements are converted into money as soon as possible as a result of both administrative and legal initiatives and the liquidation of the receivable is provided.

In the case collaterals are not present; the Bank is engaged in substantive intelligence in various periods to determine whether any property holdings are subsequently acquired in order to apply for legal procedures, even if there is evidence of insolvency for the debtor.

Before and after liquidation process; the Bank reviews financial information of the debtor companies. Then, in the case it is agreed that the companies show indications of operating on an ongoing basis and probably are going to have contributions to the economy; the Bank tries to make collections through rescheduling the payment terms.

2.1.i) Explanations on write-off policy:

Within the scope of the "Regulation Amending the Regulation on the Classification of Loans and the Provisions to be Set Aside", which entered into force after being published in the Official Gazette dated 6 July 2021 and numbered 31533, the portion of "Fifth Group-Loans in the Type of Loss" with life-time loss provision for which there is no reasonable expectation of recovery is deducted from records within the scope of TFRS 9 as of the first reporting period following their classification in this group. As of 31 December 2021, the Bank does not have any credits deducted from the records.

2.2. Information on finance lease receivables (Net):

None (31 December 2020 : TL 30).

2.3. Information on factoring receivables:

None.



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Continued):

2.4.a) Information on government securities financial assets measured at amortised cost subject to repurchase agreements:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Government Bonds	130.919	10.184
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	130.919	10.184

2.4.b) Information on given as collateral or blocked financial assets measured at amortised cost subject to repurchase agreements:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Government Bonds	10.256	10.184
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	10.256	10.184

2.4.c) Information on government securities financial assets measured at amortised cost:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Government Bonds	3.012.392	1.717.342
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	3.012.392	1.717.342

2.4.d) Information on financial assets measured at amortised cost:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Debt Securities	3.012.392	1.717.342
Quoted on a stock exchange	3.012.392	1.717.342
Unquoted	-	-
Provision for impairment (-)	-	-
Total	3.012.392	1.717.342

2.4.e) Movement of financial assets measured at amortised cost:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Balance at the beginning of the period	1.717.342	1.066.213
Foreign currency differences on monetary assets	1.166.016	391.586
Purchases during the year (*)	139.209	286.145
Disposals through sales and redemptions (**)	(10.175)	(26.602)
Provision for impairment (-)	-	-
Balance at the end of the period	3.012.392	1.717.342

(*) TL 24.329 arises from the rediscount increase in purchases.

(**) Disposals through sales and redemptions consist of TL 1.669 redemptions, TL 8.506 after coupon redemption rediscount and accrued interest reduction amounts.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Assets (Continued):

3. Assets held for sale and discontinued operations (Net):

None.

4. Information on investments in associates:

4.1. Information on associates:

4.1.a) General information on associates:

	Description	Address (City/ Country)	The Bank's share percentage-if different voting percentage (%)	The Bank's risk group share percentage (%)
1	Maksan A.Ş.	Malatya	20	31,14

4.1.b) Financial statement information of associates order above:

(*)	Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Income From Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	71.872	46.790	5.888	-	-	15.665	9.784	-

(*) The financial information of Maksan A.Ş. are provided from the unreviewed financial statements as of 30 September 2021, the previous period information of profit/loss amounts are provided from the unreviewed financial statements as of 30 September 2020.

4.1.c) Movement of associates:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Balance at the beginning of the period	18.693	15.960
Movements during the period	(8.574)	2.733
Additions	-	-
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposals(*)	(8.574)	-
TFRS 9 Classification Change	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	-	2.733
Balance at the end of the period	10.119	18.693
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) A liquidation payment was made on 31 December 2021 from Türk Suudi Holding A.Ş., which is one of the associates.

4.1.c) Sectoral information about associates and their carrying amounts:

None.

4.1.d) Associates quoted in the stock exchange:

None.


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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. Explanations and Notes Related to Assets (Continued):
4. Information on investments in associates (Continued):
4.2. Information on investments in subsidiaries (Net):
4.2.a) Information on subsidiaries

By the application of the company's Board of Directors and approval the Capital Markets Board (CMB), Kalkınma Yatırım Menkul Değerler A.Ş.'s activities have been temporarily suspended beginning from 31 December 2009. In 2011, the licenses of the company have been cancelled. In the General Assembly held on 20 March 2012, it was resolved to liquidate the company. Since the company is in liquidation process, the Bank has lost control over its subsidiary and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been classified as financial assets measured at fair value through other comprehensive income in the accompanying financial statements.

The Bank has 100% participation in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi established on 28 May 2020 with a nominal capital of TL 50, and in Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. established on 17 November 2020 with a nominal capital of TL 1.800.

	Title	Address (City / Country)	Bank's Share Percentage - If Different, Voting Rate (%)	Bank's Risk Group Share Rate (%)
1	Kalkınma Yatırım Varlık Kiralama A.Ş.	İstanbul	100	100
2	Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	İstanbul	100	100

4.2.b) Financial statement information regarding subsidiaries in the order above:

(*)	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest income	Securities Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1	52	50	-	-	1.882	-	-	-
2	7.667	5.273	731	-	362	2.543	(270)	-

(*) The financial information of Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. are provided from the audited financial statements as of 31 December 2021, the previous period profit/loss amounts are provided from the audited financial statements as of 31 December 2020.

4.2.c) Movement of subsidiaries:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Balance at the beginning of the period	1.850	-
Movements during the period	1.200	1.850
Additions	1.200	1.850
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	-	-
Balance at the end of the period	3.050	1.850
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

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EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. Explanations and Notes Related to Assets (Continued):
4.2. Information on investments in subsidiaries (Net):
4.2.ç). Sectoral information about subsidiaries and their carrying amounts:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial subsidiaries	3.050	1.850

4.2.d) Subsidiaries quoted on the stock exchange:

None.

4.3. Information on jointly controlled entities (joint ventures):

None.

5. Positive differences table related to derivative financial instruments held for hedging purposes:

The Bank does not have derivative financial instruments held for hedging purposes.

6. Information on tangible fixed assets:

Current Period (31.12.2021)	Real-Estates	Real-Estates held for sale	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	17.552	25.266	739	25.055	68.612
Provision for impairment	-	(1.186)	-	-	(1.186)
Movements during the period					
-Additions	791	2.635	-	1.933	5.359
-Disposals (-)	(2.360)	(16.095)	-	(383)	(18.838)
-Transfer from investment properties	-	-	-	-	-
-Provision for impairment (-)	-	-	-	-	-
-Reversal from provision for impairment (-)	-	457	-	-	457
Balance at the end of the period	15.983	11.077	739	26.605	54.404
Accumulated Depreciation					
Balance at the beginning of the period	6.982	486	384	13.435	21.287
Movements during the period					
-Depreciation charge	3.556	-	121	4.159	7.836
-Transfer from investment properties	-	-	-	-	-
-Disposals (-)	(1.693)	(239)	-	(211)	(2.143)
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	8.845	247	505	17.383	26.980
Net book value at the end of the period	7.138	10.830	234	9.222	27.424



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

6. Information on tangible fixed assets (Continued):

Prior Period (31.12.2020)	Real-Estates	Real-Estates held for sale	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	135.507	41.582	739	25.974	203.802
Provision for impairment	-	(1.339)	-	-	(1.339)
Movements during the period					
-Additions	1.328	2.109	-	3.874	7.311
-Disposals (-)	(119.283)	(18.425)	-	(4.793)	(142.501)
-Transfer from investment properties	-	-	-	-	-
-Provision for impairment (-)	-	-	-	-	-
-Reversal from provision for impairment (-)	-	153	-	-	153
Balance at the end of the period	17.552	24.080	739	25.055	67.426
Accumulated Depreciation					
Balance at the beginning of the period	91.290	1.814	262	13.450	106.816
Movements during the period					
-Depreciation charge	4.822	-	122	3.769	8.713
-Transfer from investment properties	-	-	-	-	-
-Disposals (-)	(89.130)	(1.328)	-	(3.784)	(94.242)
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	6.982	486	384	13.435	21.287
Net book value at the end of the period	10.570	23.594	355	11.620	46.139

7. Information on intangible assets:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Cost		
Balance at the beginning of the period	26.707	8.945
Movements during the period	-	-
-Additions	8.101	17.762
-Disposals	-	-
Balance at the end of the period	34.808	26.707
Accumulated Amortisation		
Balance at the beginning of the period	8.963	6.860
Movements during the period	-	-
-Amortization charge	3.972	2.103
-Disposals	-	-
Balance at the end of the period	12.935	8.963
Net book value at the end of the period	21.873	17.744

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Assets (Continued):

8. Information on investment properties:

None.

9. Information on tax assets:

None.

10. Information on deferred tax assets:

As of 31 December 2021, the Bank has a deferred tax assets of TL 95.478. (31 December 2020: TL 17.990). The deferred tax asset is calculated over the temporary differences formed by the assets and liabilities followed by the book value in the Bank's records and their tax base calculated in accordance with the tax legislation. In case the items that constitute the temporary differences are monitored among the equity items, the deferred tax asset/liability calculated over the said temporary differences are associated with the related equity items, and as of 31 December 2021, the Bank has no tax assets calculated over the period loss or tax deduction. (31 December 2020: None).

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Deferred Tax Assets		
From depreciations	-	169
From severance payments	3.704	2.084
Securities portfolio internal yield-exchange rate difference	2.574	3.058
Actuarial differences	-	82
Financial institutions bills in securities portfolio	4.549	-
Other non-financial treasury bills and government bonds	6.834	-
Personnel bonus premium provision	15.361	5.955
TFRS 9 provision	57.683	12.434
Derivative financial assets	6.582	-
Other	487	356
Total Deferred Tax Assets	97.774	24.138
Deferred Tax Liabilities		
From depreciations	767	-
From interest rediscounts	1.329	1.109
Financial institutions bills in securities portfolio	-	357
Other non-financial treasury bills and government bonds	-	4.499
TFRS 16 leaseings	200	174
Other	-	9
Total Deferred Tax Liabilities	2.296	6.148
Net Deferred Tax Assets / (Liabilities)	95.478	17.990

11. Information on other assets:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Inventory	375	165
Prepaid expenses	93.616	52.965
Temporary account debtor	1.164	753
Sundry receivables	214	220
Total	95.369	54.103


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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
II. Explanations and Notes Related to Liabilities
1. Information on maturity structure of deposits:

The Bank is not accepting deposits.

2. Information on funds borrowed:
2.a) Information on banks and other financial institutions:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	2.324.263	-	782.206	-
From domestic banks and institutions	51.882	3.188.998	-	2.011.161
From foreign banks, institutions and funds	-	32.397.674	-	18.969.372
Total	2.376.145	35.586.672	782.206	20.980.533

(*) The securities amounting to TL 4.183.683 (31 December 2020: TL 1.156.749) received from the loan customers to which the rediscount credits obtained from the Central Bank of the Republic of Turkey were used were endorsed to the Central Bank of the Republic of Turkey.

2.b) Maturity structure of funds borrowed:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Short-term	51.882	208.415	-	94.126
Medium and long-term	2.324.263	35.378.257	782.206	20.886.407
Total	2.376.145	35.586.672	782.206	20.980.533

2.c) Additional information for the areas of liability concentrations:

As the Bank is not authorized to accept deposits, liabilities are composed of funds obtained from domestic and international financial institutions, medium and long term loans and subordinated debt instruments.

Most of the loans from international finance institutions are from World Bank, European Investment Bank, European Commission Development Bank, Islamic Development Bank, The Black Sea Trade and Development Bank, Industrial and Commercial Bank of China and The German Development Bank, Asian Infrastructure Investment Bank and Japan International Corporation Bank. Domestic loans are from the Republic of Turkey Ministry of Treasury and Finance, Central Bank of the Republic of Turkey and Export Credit Bank of Turkey origin.

3. Information on funds provided under repurchase agreements:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Funds Provided under Repurchase Agreements	636.329	-	205.378	-
Total	636.329	-	205.378	-

4. Information on issued securities (Net):

None.

5. Explanations on funds:

Of the TL 1.528.791 which was provided to the Bank (31 December 2020: TL 245.216), TL 100.714 is from the World Bank, TL 559 is from the European Investment Bank, TL 20.510 is from the Treasury and Ministry of Finance and TL 1.407.008 consists of funds from borrowers and banks.

6. Explanations on financial liabilities at fair value through profit and loss:

None.

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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
II. Explanations and Notes Related to Liabilities (Continued):
7. Negative differences table for derivative financial liabilities

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Forward Transactions	-	-	47	-
Swap Transactions	26.693	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	26.693	-	47	-

8. Information on factoring liabilities

None.

9. Explanations on financial lease payables (Net):

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	Gross	Net	Gross	Net
Less than 1 Year	6.330	4.738	6.573	4.219
1-4 Years	5.766	5.165	11.412	9.356
More Than 4 Years	-	-	-	-
Total	12.096	9.903	17.985	13.575

10. Negative differences table related to derivative financial instruments held for hedging purposes:

The Bank does not have derivative financial instruments held for hedging purposes.

11. Explanations on Provisions:
11.a) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:

None (31 December 2020: None).

11.b) Specific provisions provided for unindemnified non-cash loans:

As of 31 December 2021, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 20.724 (31 December 2020: TL 11.047), third stage expected loss provision is TL 1 (31 December 2020: TL 1)

11.c) Other provisions:

i) As of 31 December 2021, there are 144 lawsuits filed against the Bank and there is a risk amount of TL 11.515. The Bank allocated TL 1.950 lawsuit provision for the lawsuits that are thought to be or are considered to be concluded against.

ii) The Bank accounts for the provisions for employee benefits in accordance with the Turkish Accounting Standards No: 19 and recognizes in financial statements. As of 31 December 2021, the Bank allocated provision for severance pay amounting to TL 10.166 (31 December 2020: TL 6.352), for unused vacation accruals amounting to TL 4.651 (31 December 2020: TL 2.871) and within the scope of TAS 19, employee benefits provision amounting to TL 35.280 (31 December 2020: TL 29.774) has been reserved.



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued):

12.a) Information on current tax liability:

12.a-1) Information on tax provision:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Corporation tax and deferred tax				
Corporate tax payable	15.044	-	38.708	-
Deferred tax payable	-	-	-	-
Total	15.044	-	38.708	-

12.a-2) Information on taxes payable:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Corporate tax payable	15.044	38.708
Taxation on income on marketable securities	189	141
Property tax	-	2
Banking insurance transaction tax (BITT)	4.191	1.712
Foreign exchange transaction tax	325	115
Value added tax payable	493	175
Other	2.224	1.593
Total	22.466	42.446

12.a-3) Information on premiums:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Social security premiums- Employee	675	1.009
Social security premiums- Employer	989	1.477
Bank social aid pension fund premium- Employee	-	-
Bank social aid pension fund premium- Employer	-	-
Pension fund membership fees and provisions- Employee	26	-
Pension fund membership fees and provisions- Employer	33	-
Unemployment insurance- Employee	48	72
Unemployment insurance- Employer	97	144
Other	20	-
Total	1.888	2.702

13. Information on deferred tax liabilities:

None.

14. Information on liabilities regarding assets held for sale and discontinued operations:

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Liabilities (Continued):

15. Information on subordinated loans

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	2.516.976	-	1.480.186
Subordinated loans	-	2.516.976	-	1.480.186
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	833.881	-	513.057
Subordinated loans	-	833.881	-	513.057
Subordinated debt instruments	-	-	-	-
Total	-	3.350.857	-	1.993.243

16. If other liabilities exceed 10 % of the balance sheet total, name and amount of sub-accounts constituting at least 20 % of grand total:

Other liabilities do not exceed 10% of the balance sheet total.

17. Information on shareholder's equity:

17.a) Presentation of paid-in capital:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Common stock provision	2.000.000	1.600.000
Preferred stock provision	-	-

17.b) Paid-in capital amount, explanation whether the registered share capital system is applicable for the Bank, if so amount of registered capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered capital	2.000.000	10.000.000

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

Increase Date	Increase Amount	Cash	Income Reserves Subject to Increase	Capital Reserves Subject to Increase
31.12.2021	400.000	100.000	300.000	-

17.ç) Information on additions from capital reserves to capital in the current period:

There is no increase from capital reserves.

17.d) Capital commitments in the last fiscal year and that continue until the end of the following year-ended, general purpose of these commitments and projected resources required to meet these commitments:

The Bank has no capital commitments.


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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
II. Explanations and Notes Related to Liabilities (Continued):
17.e) Information on legal reserves:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
I. Legal Reserve	80.133	55.041
II. Legal Reserve	14.471	14.471
Special Reserves	-	-
Total	94.604	69.512

17.f) Information on extraordinary reserves:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	1.315.798	1.183.750
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency capital exchange difference	-	-
Total	1.315.798	1.183.750

17.g) Indicators of the Bank's income, profitability and liquidity for the prior periods and possible effects of these future assumptions based on the uncertainty of these indicators on the Bank's equity:

The Bank's prior year revenues, profitability and liquidity and projections in the future are followed by the relevant units. Considering the current conditions in the country's economy and the Bank's prior year performance; within the framework of forecasts regarding income, profitability and liquidity, it is estimated that there will be no significant problems in the upcoming period.

17.ğ) Information on preferred shares:

The Bank has no preferred shares.

17.h) Information on accumulated other comprehensive income or loss that will be reclassified to profit or loss:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
From associates, subsidiaries and jointly controlled entities (joint ventures)	-	-	-	-
Valuation difference	10.040	(33.299)	4.509	10.405
Foreign exchange difference	-	-	-	-
Total	10.040	(33.299)	4.509	10.405

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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
III. Explanations and Notes Related to Off-Balance Sheet Accounts
1. Information on off-balance sheet liabilities:
1.a) Nature and amount of irrevocable loan commitments:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Forward asset purchase and sales commitments	134.930	-
Other irrevocable commitments	268.732	24.399
Total	403.662	24.399

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

As of 31 December 2021, the first stage expected loss provision for non-compensated and non-cash loans is TL 20.724 (31 December 2020: TL 11.047), third stage expected loss provision is TL 1 (31 December 2020: TL 1).

1.b-1) Guarantees, confirmed bills and guarantees assessed as financial guarantees and non-cash loans including other letter of credits:

The Bank has letter of credit commitments amounting to TL 54.972 (31 December 2020: TL 33.822) and guarantees given amounting to TL 328.467 (31 December 2020: None). There are no bank loans.

1.b-2) Definite guarantees, tentative guarantees, suretyships and similar transactions:

Total amount of the Bank's TL letters of guarantee are TL 1.922.408 (31 December 2020: TL 696.834). TL 1 (31 December 2020: TL 2) of this amount is letters of guarantee given to customs and other part is definite letters of guarantees.

1.c-1) Total non-cash loans

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Non-cash loans for providing cash loans	328.467	-
With original maturity of one year or less	-	-
With original maturity more than one year	328.467	-
Other non-cash loans	1.977.380	730.656
Total	2.305.847	730.656


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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
III. Explanations and Notes Related to Off-Balance Sheet Accounts (Continued):
1.c-2) Non-cash loans sectoral risk concentrations:

	Current Period (31.12.2021)				Prior Period (31.12.2020)			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	-	-	-	-	1	-	-	-
Farming and raising livestock	-	-	-	-	1	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	53.162	99,98	2.252.675	100,00	54.816	99,98	675.830	100,00
Mining and quarry	-	-	-	-	-	-	-	-
Manufacturing	1	-	54.972	2,44	1	-	33.822	5,00
Electricity, gas and water	53.161	99,98	2.197.703	97,56	54.815	99,98	642.008	95,00
Construction	-	-	-	-	-	-	-	-
Service	10	0,02	-	-	9	0,02	-	-
Wholesale and retail trade	-	-	-	-	-	-	-	-
Hotel and food services	-	-	-	-	-	-	-	-
Transportation and communication	-	-	-	-	-	-	-	-
Financial institutions	10	0,02	-	-	9	0,02	-	-
Real estate and leasing services	-	-	-	-	-	-	-	-
Self-employment services	-	-	-	-	-	-	-	-
Educational services	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	53.172	100,00	2.252.675	100,00	54.826	100,00	675.830	100,00

1.c-3) Non-cash loans classified in group I and II:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	I. Group		I. Group	
Non-cash loans	TL	FC	TL	FC
Letters of guarantee	53.170	1.869.236	54.823	642.008
Letters of credit	-	54.972	-	33.822
Endorsements	-	328.467	-	-

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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
III. Explanations and Notes Related to Off-Balance Sheet Accounts (Continued):
2. Information on derivative financial instruments:

Derivative transactions of the Bank consist of swap purchasing and selling transactions. Swap transactions in TL and foreign currencies are shown in the table below as of 31 December 2021.

	Current Period (31.12.2021)				Prior Period (31.12.2020)			
	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale
TL	-	-	417.572	-	7.424	7.386	-	-
USD	-	-	1.289.857	-	16.582	10.186	-	-
EUR	-	-	846.860	-	2.742	9.141	-	-
Other	-	-	-	-	-	-	-	-
Total	-	-	1.264.432	1.289.857	26.748	26.713	-	-

3. Information on contingent liabilities and assets:

Istanbul Venture Capital Initiative (IVCI - A Luxembourg Investment Company Fund) is founded as a stock company having variable capital and subject to laws of Luxembourg. The Bank has committed to buy "Group A" shares equal to nominal value of EUR 10 million and to pay this amount at the date determined by Fund according to its investment plan. The Fund's initial capital commitment was EUR 150 Million and its capital was increased to EUR 160 Million with new participants in March 2009. The Bank's participation was approved by the Board of Directors of IVCI on 13 November 2007 and share purchase agreement was signed at of the same date.

The Bank made payment of share capital constituting payments equal to EUR 300.000 on 7 November 2008, EUR 218.750 on 6 July 2009 and EUR 281.250 on 12 November 2010, EUR 167.500 on 15 July 2011, EUR 437.500 on 10 November 2011, EUR 500.000 on 15 February 2012, EUR 500.000 on 25 May 2012, EUR 250.000 on 10 August 2012, EUR 500.000 on 19 September 2012, EUR 500.000 on 18 January 2013, EUR 500.000 on 27 June 2013 and EUR 500.000 on 13 December 2013, EUR 500.000 on 1 August 2014, EUR 500.000 on 29 August 2014, EUR 500.00 on 4 May 2015, EUR 500.000 on 16 October 2015, EUR 500.000 on 3 May 2016 and EUR 312.500 on 30 November 2017, EUR 312.500 on 2 March 2018, EUR 312.500 on 12 December 2018, EUR 980.842 on 13 December 2019, EUR 312.500 on 21 July 2020, the total capital payment is EUR 9.385.842.

With reference to the above capital contributions, out of the Bank's total commitment of EUR 10 million, EUR 9.385.842 have been paid, EUR 614.158 is not yet paid as of the balance sheet date.

The Bank has made an investment commitment of up to 3 Million EURO to 212 Regional Fund II, whose establishment location is Luxembourg, as a limited partner, below 10% of the total fund commitment amount.

The Bank made payment of share capital constituting payments equal to EUR 45.000 on 31 December 2018, EUR 120.000 on 21 January 2019, EUR 330.000 on 21 March 2019, EUR 120.000 on 9 September 2019, EUR 330.000 on 9 December 2019, EUR 300.000 on 4 May 2021, EUR 60.000 on 29 July 2021, EUR 165.000 on 15 November 2021.

Based on the explanations above, the Bank has paid EUR 1.470.000 of the amount of EUR 3 Million committed as of the balance sheet date, while EUR 1.530.000 has not been paid yet.


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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
III Explanations and Notes Related to Off-Balance Sheet Accounts (Continued):
3. Information on contingent liabilities and assets (Continued):

The Bank has committed to invest TL 25.000 in the Development Participation Venture Capital Investment Fund and TL 15.000 in the Innovative and Advanced Technologies Participation Venture Capital Investment Fund, of which its subsidiary, Development Private Equity Portfolio Management is the founder and manager. On 28 July 2021, capital share payments of TL 295 to the Participation Venture Capital Investment Fund, and TL 131 to the Innovative and Advanced Technologies Participation Venture Capital Investment Fund have been made and as of the balance sheet date, TL 39.574 of the total commitment to these funds has not been paid yet.

The Bank has committed to invest TL 200.000 in the TKYB Capital Fund, of which Turkey Development Fund is the founder and Development Venture Capital Portfolio Management Inc. is the manager. A capital share payment of TL 2.401 was made on 30 September 2021, and TL 297 was paid on 26 November 2021, and as of the balance sheet date, TL 197.302 of the total commitment to the fund has not been paid yet.

4. Services supplied on behalf of others:

The Bank does not act as an intermediary for purchases and sales of securities on behalf of others and provides custody services.

IV. Explanations and Notes Related to Statement of Profit or Loss:
1.a) Information related to interest income on loans:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Interest on Loans (*)				
Short term loans	4.507	1.168	310	7.874
Medium and long term loans	276.113	1.032.083	57.192	737.021
Interest on non-performing loans	60.092	-	8.734	-
Total	340.712	1.033.251	66.236	744.895

(*) Includes fees and commissions received from cash-loans.

1.b) Information related to interest income on banks:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	-	-	-	-
From domestic banks	354.114	18.576	128.562	7.088
From foreign banks	-	13	-	55
From foreign head offices and branches	-	-	-	-
Total	354.114	18.589	128.562	7.143

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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
IV. Explanations and Notes Related to Statement of Profit or Loss(Continued):
1.c) Information related to interest income on marketable securities:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value Through Profit and Loss	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	132.322	48.928	87.740	14.757
Financial Assets Measured at Amortised Cost	27.699	124.865	15.471	70.455
Total	160.021	173.793	103.211	85.212

1.ç) Information related to interest income from associates and subsidiaries :

None.

1.d) Information on interest income from money market transactions:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Interest Received from Money Market Transactions	7.841	-	81	-
Interests Received from Reverse Repo Transactions	131.764	-	80.994	-
Total	139.605	-	81.075	-

2.a) Information related to interest expense on borrowings:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Banks(*)	175.943	631	8.213	1.172
Central Bank of the Republic of Turkey	175.943	-	8.206	-
Domestic Banks	-	631	7	1.172
Foreign Banks	-	-	-	-
Foreign Head Office and Branches	-	-	-	-
Other Institutions(*)	3.453	592.468	1.061	454.915
Total	179.396	593.099	9.274	456.087

(*) Includes fees and commissions payable to cash-loans.



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):

2.b) Information related to interest expenses to associates and subsidiaries:

None.

2.c) Information related to interest on securities issued:

The Bank has no securities issued.

2.ç) Information related to interest on money market transactions:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Money market transactions	525	-	10	-
Repurchase agreements	40.274	-	5.756	-
Total	40.799	-	5.766	-

2.d) Leasing interest expenses:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Buildings	2.139	-	2.604	-
Vehicles	255	-	457	-
Total	2.394	-	3.061	-

3. Information related to dividend income:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Financial assets measured at fair value through profit and loss	92.330	4.426
Financial assets measured at fair value through other comprehensive income	784	1.035
Other	12.860	95
Total	105.974	5.556

4. Information related to trading income/loss:

	Current Period (31.12.2021)	Prior Period (30.12.2020)
Gain	1.209.876	133.094
Gains on capital market operations	25.397	5.987
Gains on derivative financial instruments	676.760	49.657
Foreign exchange gains	507.719	77.450
Loss (-)	(1.140.660)	(123.031)
Losses from the capital market operations	(5.059)	-
Losses on derivative financial instruments	(677.504)	(113.184)
Foreign exchange losses	(458.097)	(9.847)

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):

5. Information related to other operating income:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Income from sale of assets	60.608	124.013
Reversals from prior years' provisions	32.050	42.625
Other	13.519	9.662
Total	106.177	176.300

In general, the Bank's other operating income consists of expected loss provisions allocated in previous years, stock depreciation provisions, severance pay provisions, premium-dividend provisions cancellations and income from sales of assets.

6. Bank's expected credit loss expenses and other provision expenses:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Expected credit loss provisions	488.182	165.985
12 month expected credit loss (Stage 1)	55.057	82.333
Significant increase in credit risk (Stage 2)	20.520	17.989
Non-performing loans (Stage 3)	412.605	65.663
Marketable securities impairment expense	-	-
Financial assets at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	-	-
Subsidiaries, associates and joint ventures provision expenses for impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other provision expenses	44.132	-
Total	532.314	165.985


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EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):
7. Information related to other operating expenses:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Provision for employee termination benefits ^(*)	5.773	2.147
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment charges	-	-
Depreciation charges of fixed assets	7.837	8.713
Intangible assets impairment charges	-	-
Goodwill impairment charges	-	-
Amortization charges of intangible assets	3.972	2.103
Impairment charges on investments accounted for at equity method accounting	-	-
Impairment charges of assets that will be disposed	-	-
Amortization charges of assets that will be disposed	-	-
Impairment charges for non-current assets held for sale and discontinued operations	-	-
Other operating expenses	24.789	19.019
Leasing expenses related to TFRS 16 exceptions	107	136
Maintenance expenses	376	650
Advertisement expenses	61	136
Other expenses ^(**)	24.245	18.097
Loss on sale of assets	-	888
Other	23.063	14.987
Total	65.434	47.857

^(*) Provision for Severance Pay and Provision for Short Term Employee Benefits are shown in the Other Provisions line in the profit or loss statement.
^{(**) TL 1.367 of other expenses is from cleaning expenses (31 December 2020: TL 2.062), TL 4.497 is from communication expenses (31 December 2020: TL 4.135), TL 610 is from security expenses (31 December 2020: TL 1.818), TL 4.880 is from computer usage expenses (31 December 2020: TL 1.936), TL 275 is from heating, lighting and water expenses (31 December 2020: TL : 1.317), TL 3.909 is from vehicle expenses (31 December 2020: TL 2.976), TL 595 amount consists of dues (31 December 2020: TL 397) and the remaining part to TL 8.112 (31 December 2020: TL 3.456) consists of other miscellaneous expenses.}

^(***) The part of the other amounting to TL 12.421 is from taxes, duties, fees and fund expenses (31 December 2020: TL 4.423), TL 4.995 is from audit and consultancy fees (31 December 2020: TL 5.660), TL 3.875 is from BRSA participation share (31 December 2020 : TL 3.143) and the remaining part amounting to TL 1.772 (31 December 2020: TL 1.761) consists of other miscellaneous expenses.

8. Announcement of the fees related to the services received from the independent auditor or independent audit firm:

By the decision of the POA dated 26 March 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below, excluding VAT amounts.

	Current Period (31.12.2021)	Prior Period (31.12.2020)
The Independent audit fee for the reporting period	605	470
Fee for tax advisory services	57	53
Fee for other assurance services	63	47
Fees for services other than independent auditing	-	-
Total	725	570

9. Information related to operating profit/loss before taxes:

As of 31 December 2021, the Bank's income before tax from the continuing operations is TL 1.011.607 (31 December 2020: TL 620.772) and the Bank has no discontinued operations.

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EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
IV. Explanations and Notes Related to Statement of Profit or Loss (Continued):
10. Information related to tax provisions for taxes:

As of 31 December 2020, the Bank's income tax provision from continuing operations amounting to TL 197.683, (31 December 2020: TL 118.932) consists of TL 256.415 of current tax charge (31 December 2020: TL 143.198), TL 58.732 of deferred tax benefit (31 December 2020: TL 24.266).

11. Information related to net operating income after taxes:

The Bank has earned net profit of TL 813.924 from continuing operations between 1 January 2021 and 31 December 2021 (Between 1 January 2020-31 December 2020: TL 501.840).

12. Information on net profit/loss:
12.a) The nature and amount of income and expenses from ordinary banking operations, if their nature, amount and frequency are required for the complete understanding of the performance of the Bank in the current period:

None.

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

There are no changes in accounting estimates.

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

The total amount of other received fees and commissions in the profit or loss statement as of 31 December 2021 is TL 39.532 (31 December 2020: TL 27.439). TL 20.393 (31 December 2020: TL 5.716) of this amount is investment banking services income, TL 8.894 (31 December 2020: TL 139) is loan commitment commissions, TL 3.084 (31 December 2020: TL 3.941) is loan early payment compensations.

As of 31 December 2021, the total amount of other fees and commissions given in the profit or loss statement is TL 15.960 (31 December 2020: TL 10.521). TL 8.037 (31 December 2020: TL 6.803) of this amount is credit guarantee fund limit commissions, TL 3.549 (31 December 2020: 1.486 TL) of this amount is stock market transaction commissions and TL 1.901 (31 December 2020: TL 1.204) is listing fees.

V. Explanations and Notes Related to Statement of Changes in Shareholders' Equity:

In legal records, paid-in capital is TL 2.000.000 (31 December 2020: TL 1.600.000). As of the balance sheet date, the balance of legal reserves is TL 94.604 (31 December 2020: TL 69.512), the balance of extraordinary reserves is TL 1.315.798 (31 December 2020: TL 1.183.750) and the balance of other legal reserves is TL 53.474 (31 December 2020: TL 8.774).

The fair value difference of TL (25.477), which is the entire valuation difference of securities, results from the decrease in value of financial assets reflected in other comprehensive income.


TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Notes to the Unconsolidated Financial Statements As of 31 December 2021

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
VI. Explanations and Notes Related to Cash Flow Statement:
1. Explanations related to “other” items and “effect of change in foreign currency rates on cash and cash equivalents” in statement of cash flows:

Net cash inflows from the Bank's banking activities amount to TL 358.641 (31 December 2020: TL 1.854.736). TL (393.755) (31 December 2020 TL 1.438.110) of the net cash inflows arising from banking activities is due to the change of active and passive accounts; TL 752.396 (31 December 2020: TL 416.626) arises from operating profit. Funds from which “Net Increase (Decrease) in Other Payables” item, which is included in the exchange of active and passive accounts, originates from changes in repo transactions, various debts, other foreign resources and taxes to be paid, changes in pictures, fees and premiums and is TL 1.462.285 (31 December 2020: TL 471.389). The “Other” item included in the operating profit is composed of items such as wages and commissions, other operating expenses except commercial profit / loss and personnel expenses, and it has been TL (436.203) (31 December 2020: TL(241.775)).

There is cash inflow from financing activities due to cash capital inflow in 2021.

The effect of change in foreign currency rates on cash and cash equivalents is calculated by converting original currencies of cash and cash equivalents into TL using rates for both beginning and end of the period. The effect for the current period is calculated as TL 614.449 (31 December 2020: TL 217.938).

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

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Cash	26.776	24.002
Cash in TL and foreign currencies	10	17
Demand deposits at banks and Central Bank of the Republic of Turkey	26.766	23.985
Cash equivalents	5.030.503	2.446.567
Interbank money market	1.500.000	127.486
Time deposits at banks	3.530.503	2.319.081
Total cash and cash equivalents	5.057.279	2.470.569

The total value of the transactions in prior period is the sum of current periods cash and cash equivalents.

3. Cash and cash equivalents at the end of the period:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Cash	34.504	26.776
Cash in TL and foreign currencies	24	10
Demand deposits at banks and Central Bank of the Republic of Turkey	34.480	26.766
Cash equivalents	4.227.741	5.030.503
Interbank money market	990.878	1.500.000
Time deposits at banks	3.236.863	3.530.503
Total cash and cash equivalents	4.262.245	5.057.279

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Notes to the Unconsolidated Financial Statements As of 31 December 2021

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)
VII. Explanations Related to Risk Group of the Bank:

Predicted limitations determined in the Banking Law are maintained through internal regulations in the Bank which has no transactions related to deposit acceptance. For the transactions with risk groups, normal customer relationships and market conditions are taken into account. The Bank adopts policies that restrict the balance of transactions with risk groups in total assets and liabilities. Practices are carried out in accordance with this policy.

a) Current Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	3.759	-	-	-	-	-
Closing Balance ^(*)	3.834	-	-	-	-	-
Interest and Commissions	-	-	-	-	-	-
Income	-	-	-	-	-	-

^(*) TL 3.834 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.834 is set aside for the expected loss in the third stage.

b) Prior Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	1.785	-	-	-	-	-
Closing Balance ^(*)	3.759	-	-	-	-	-
Interest and Commissions	-	-	-	-	-	-
Income	-	-	-	-	-	-

^(*) TL 3.759 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.759 is set aside for the expected loss in the third stage.

c) Information on forward transactions, option contracts and similar other transactions between the Bank and its risk groups:

None.

d) Information on remuneration and benefits provided for the senior management of the Bank:

Salaries and dividend paid to members of Board of Directors, Supervisory Board, General Manager and Executive Vice Presidents are presented below.

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Salaries	8.509	8.380
Dividend and fringe benefits	1.594	1.192
Total	10.103	9.572

VIII. Explanations Related to Domestic, Foreign and Off-shore Branches and Representatives Offices Abroad:

None.



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements As of 31 December 2021

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related to Operations of the Bank:

The summary of information on the Bank's rating by International Rating Agencies:

The international ratings of the Bank are performed by Fitch on 10 December 2021.

	2021	2020
Foreign Currency Commitments		
Long Term	BB-	BB-
Short Term	B	B
Outlook	Negative	Negative
Turkish Lira Commitments		
Long Term	BB-	BB-
Short Term	B	B
Outlook	Negative	Negative
National		
Long Term	AAA(TUR)	AAA(TUR)
Outlook	Negative	Stable
Individual Rating	3	3
Support Points	BB-	BB-

II. Explanations and Notes Related to Subsequent Events:

The sale of the Bank's Luxembourg-based 212 Regional Fund II investment to TKYB Capital Fund was made on 3 January 2022 and the remaining commitment of the Bank as of the date of sale was transferred.

The application made by the Bank for the issuance of bonds, bills, and similar debt instruments up to a maximum of 400 million USD or equivalent foreign currency or Turkish Lira in total, to be made through one or more issuances, without public offering abroad, has been approved by the Capital Markets Board on 27 January 2022.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Unconsolidated Financial Statements As of 31 December 2021

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. Explanations on Independent Auditor's Report:

The financial statements as of 31 December 2021 were audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Independent Auditor's Report dated 8 February 2022 is presented preceding the financial statements.

II. Explanations and Notes Prepared by Independent Auditor:

None.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Financial Statements

As of and For the Year Ended

31 December 2021

With Independent Auditors' Report Thereon

(Convenience Translation of Consolidated

Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)



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Convenience Translation of the Independent Auditor's Report Originally
Prepared and Issued in Turkish to English

To the Shareholders of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Türkiye Kalkınma ve Yatırım Bankası Anonim Şirketi ("the Bank") and its subsidiaries (together will be referred as "the Group") which comprise the consolidated balance sheet as at 31 December 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, consolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.



We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (including *Independence Standards*) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These 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.

Impairment of loans measured at amortised cost

Refer to Section III, Note IX to the consolidated financial statements relating to the details of accounting policies and significant judgments of for impairment of loans measured at amortised cost.

Key audit matter	How the matter is addressed in our audit
As of 31 December 2021, loans amount comprise 77% of Group's total assets. The Bank recognizes its loans measured at amortised cost in accordance with the Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside (the "Regulation") published on the Official Gazette No. 29750 dated 22 June 2016 which became effective on 1 January 2018 and TFRS 9 Financial Instruments standard ("Standard").	Our procedures for auditing the impairment of loans measured at amortised cost include below: - We tested the design and operating effectiveness of the controls on lending, collateralization, collection, follow-up, classification and impairment procedures are tested with the involvement of information risk management specialists. We evaluated the adequacy of the subjective and objective criteria that is defined in the Bank's impairment accounting policy compared with the Regulation and Standard. - We evaluated the model and methodology and the evaluation of the calculations carried out with the control testing and detail analysis by the involvement of specialists. - We performed loan reviews for selected loan samples which include a detailed examination of loan files and related information and testing their classification. In this context, the current status of the loan customer has been evaluated by including the impact of
As of 1 January 2019, due to the new adoption of the Standard, in determining the impairment of financial assets the Bank started to apply "expected credit loss model" instead of the "incurred loss model". The new model contains significant assumptions and estimates. The significant assumptions and estimates of the Bank's management are as follows: - determination of significant increase in credit risk since initial recognition of loans in financial statements. - incorporating the forward looking macroeconomic information in calculation of credit risk.	



- design and implementation of expected credit loss model.

The determination of the impairment of loans measured at amortised cost depends on the credit default status, the model based on the change in the credit risk at the first recognition date and the classification of the loans measured at amortised cost according to the model. Establishing an accurate classification is a significant process as the calculation of expected credit loss varies to the staging of the financial assets.

The Group calculates expected credit losses on both an individual and a collective basis. Individual provisions consider the estimated future performance of the business and the fair value of the collateral provided for credit transactions.

The collective basis expected credit loss calculation is based on complex processes which are modelled by using current and past data sets and expectations. The completeness and accuracy of data sets in the model are also considered and the forward looking expectations are reflected by macroeconomic models.

Impairment on loans measured at amortised cost is determined as a key audit matter, due to the significance of the estimates, assumptions including the impact of COVID-19 pandemic, the level of judgements and its complex structure as explained above.

COVID 19 on prospective information and macroeconomic variables.

- We evaluated the accuracy of the expected credit loss calculations for the loans which are assessed on individual basis including the impact of COVID-19 on the assumptions and estimates.

- We tested the accuracy and completeness of the data in the calculation models for the loans which are assessed on collective basis. The expected credit loss calculation was tested through recalculation. The models used for the calculation of the risk parameters were examined and the risk parameters for the selected sample portfolios were recalculated.

- We assessed the macroeconomic models that are used to reflect forward looking expectations and tested the effect of the risk parameters by recalculation method.

- We evaluated the qualitative and quantitative assessments which are used in determining the significant increase in credit risk.

- We evaluated the adequacy of the disclosures in the consolidated financial statements related to impairment provisions.

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

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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



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

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

Responsibilities of auditors in an audit are as follows:

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 Auditing Regulation and Standards on Auditing issued by POA 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 consolidated financial statements.

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA, we exercise professional judgment 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

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

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities for the period 1 January - 31 December 2021 are not in compliance with TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I Section Three, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Orhan Akova
Partner, SMMM

8 February 2022
İstanbul, Türkiye

THE CONSOLIDATED FINANCIAL REPORT OF TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş. OF 31 DECEMBER 2021

The Headquarters Address	Saray Mahallesi Dr.Adnan Büyükdenez Cad. No:10 Ümraniye / İSTANBUL
Telephone and Facsimile	Tel : 0 216 636 87 00 Fax: 0 216 636 89 28
Website Address	http://www.kalkinma.com.tr
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The consolidated financial report for the year ended prepared in accordance with the "Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks" as regulated by Banking Regulation and Supervision Agency, consists of the following sections:

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

The subsidiaries whose financial statements are consolidated within the framework of this financial report are as follows:

Subsidiaries

Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.
Kalkınma Yatırım Varlık Kiralama A.Ş.

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

Dr. Raci KAYA
Chairman of the Board

İbrahim H. ÖZTOP
CEO and Board Member

Dr. Turgay GECER
Chairman of Audit Committee

Erdal ERDEM
Deputy Chairman of Audit Committee

Abdullah BAYAZIT
Member of Audit Committee

S. BALCI
Executive Vice President
Responsible for Financial Reporting

Aydın TOSUN
Head of Financial Affairs

Information on the authorized personnel to whom questions related to this financial report may be directed:

Name Surname/Title : Atilla ALPTİKİN / Finance Manager
Tel.No : 0 216 636 88 87



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TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes To The Consolidated Financial Statements As of 31 December 2021

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION ONE

GENERAL INFORMATION

I. Establishment Date of the Parent Bank, Initial Articles of Association, History of the Parent Bank Including the Changes of These Articles:

The Parent Bank was established on 27 November 1975 according to the Decree Based on Law numbered 13 as a related institution of the Ministry of Trade and Technology with the legal title of "Devlet Sanayi ve İşçi Yatırım Bankası A.Ş.". Some adjustments were made on the status of the Bank with the Decree Based on Law numbered 165 dated 14 November 1983.

On 15 July 1988, its legal title was changed to Türkiye Kalkınma Bankası A.Ş. by being associated to the Prime Ministry in the context of the Decree Law numbered 329 and in parallel with the developments in its activities. The Bank had become a development and investment bank that provides financing support to companies in tourism sector as well as trade sector by taking over T.C. Turizm Bankası A.Ş. with all of its assets and liabilities with the decision of Supreme Planning Council dated 20 January 1989 and numbered 89/T-2. Also with the Decree Law numbered 401 dated 12 February 1990, some of the articles related to the Bank status were changed.

With the Law dated 14 October 1999 and numbered 4456, Decree Law numbered 13, 165, 329 and 401 were revoked and the establishment and operating principles of the Parent Bank were rearranged.

Türkiye Kalkınma ve Yatırım Bankası A.Ş. Law dated 24 October 2018 and numbered 7147 was abolished and the Law dated 14 October 1999 and numbered 4456 was revoked. The Parent Bank's name was changed to Türkiye Kalkınma ve Yatırım Bankası A.Ş. with the law numbered 7147.

II. Capital Structure of the Parent Bank, Shareholders that Retain Direct or Indirect Control and Management of the Bank Solely or Together, Changes about These Issues During the Year And Disclosures about the Group:

The capital ceiling of the Parent Bank which is subject to registered capital system is TL 10.000.000. The issued capital within the registered capital is TL 2.000.000 (The Parent Bank's capital consists of 200 billion shares with par value of TL 0,01 each), and the shareholders and their shares in the issued capital are shown below:

Shareholders	Share Amount (Thousand TL)	Share (%)	Paid -in Capital (Thousand TL)	Unpaid Capital (Thousand TL)
Republic of Turkey Ministry of Treasury and Finance	1.981.631	99,08	1.981.631	-
Other Shareholders (*)	18.369	0,92	18.369	-
Total	2.000.000	100,00	2.000.000	-

(*)Includes all institutions and individuals and shares of those shareholders are traded in Borsa İstanbul, therefore, number of shareholders can't not be known.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes To The Consolidated Financial Statements As of 31 December 2021

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

III. Explanations Regarding the Parent Bank's Chairman and Members of Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents And Their Shares Attributable to the Parent Bank, if any:

Chairman and Members of the Board of Directors (*):

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector(Years)
Dr. Raci KAYA	Chairman of the Board	09.11.2020	Doctorate	31
Dr. Hakan ERTÜRK	Deputy Chairman of the Board	22.10.2021	Doctorate	21
İbrahim H. ÖZTOP	CEO and Board Member	13.12.2018	Master's Degree	26
Salim Can KARAŞIKLI	Board Member	13.12.2018	Bachelor's Degree	27
Dr. Turgay GEÇER	Board Member	27.05.2019	Doctorate	30
Erdal ERDEM	Board Member	10.07.2020	Bachelor's Degree	25
Abdullah BAYAZIT	Board Member	10.07.2020	Master's Degree	16

(*) Deputy Chairman of the Board of Directors Murat ZAMAN resigned from his duties in the Bank as of 22 October 2021. With the decision of the Bank's Board of Directors dated 22 October 2021, Hakan ERTÜRK was elected for the vacant position as the Board Member and Deputy Chairman of the Board of Directors.

General Manager, Executive Vice Presidents:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
İbrahim H. ÖZTOP	General Manager / Corporate Banking and Project Finance, IT Application Development, IT System and Infrastructure, Strategy Organization and Process Management, CEO and Board of Directors Office Services and all other areas	16.08.2018	Master's Degree	26
Zekai İŞILDAR	EVP/ Human Resources, Support Services	30.01.2009	Bachelor's Degree	34
Satı BALCI	EVP/ Subsidiaries and Corporate Relations, Financial Affairs, Loan Operations, Treasury and Capital Market Operations, Turkey Development Fund	07.11.2017	Bachelor's Degree	33
Ufuk Bala YÜCEL	EVP/ Loan Allocation, Loan Monitoring, Legal Affairs	01.02.2019	Master's Degree	33
Seçil KIZILKAYA YILDIZ	EVP/ Financial Analysis and Valuation, Engineering, Economic Research, Sectoral Research, Mergers and Acquisition Advisory, Capital Markets Advisory, Financial Advisory, Corporate Communications, Sustainability and Environmental Social Impact Management	08.03.2019	Bachelor's Degree	22
Emine Özlem CİNEMRE	EVP/ Treasury, Financial Institutions, Development Finance Institutions, Development Cooperation and Wholesale Banking	20.05.2019	Bachelor's Degree	34

Chief Internal Inspector:

Name Surname	Duty	Assignment Date	Education Level	Experience in Banking Sector (Years)
Dr. Kaan Ramazan ÇAKALI	Chief Internal Inspector	27.05.2019	Doctorate	19

Executives mentioned above do not own any shares of the Bank in the part which is not publicly traded.



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Balance Sheet (Statement of Financial Position) As of 31 December 2021

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

IV. Information About Persons And Institutions that Have Qualified Shares Attributable to the Parent Bank:

Republic of Turkey Ministry of Treasury and Finance owns 99,08% of the shares of the Parent Bank.

V. Summary of Functions and Lines of Activities of the Parent Bank:

As an investment and development bank of Türkiye Kalkınma ve Yatırım Bankası A.Ş.'s operating areas are supporting investments and projects for sustainable growth, ensuring the efficient use of capital and fund resources, financing domestic, international and international joint investments, and profit partnership or lease-based loan transactions by using modern development and investment banking tools in line with our country's development goals, to ensure that all development and investment banking functions can be performed in a competitive, dynamic and effective manner.

VI. Information on Application Differences Between Consolidation Practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, and Entities Subject to Full or Proportional Consolidation or Deducted From Equity or Not Subject to Any of These Three Methods:

Since Kalkınma Yatırım Menkul Değerler A.Ş. which is the subsidiary of the Parent Bank is in liquidation process, the Parent Bank has lost control over its subsidiary in accordance with the related provisions of TAS and TFRS and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been reclassified to financial assets measured at fair value through other comprehensive income.

The Parent Bank has participated 100% in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi established on 28 May 2020 with a nominal capital of TL 50 and a 100% participation in the Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi established on 17 November 2020 with a nominal capital of TL 1.800.

In accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the Turkish Accounting Standards, Kalkınma Girişim Sermayesi Portföy Yönetimi Anonim Şirketi and Kalkınma Yatırım Varlık Kiralama Anonim Şirketi are consolidated in the consolidated financial statements by full consolidation method as of 31 December 2020.

According to the Paragraph 4th of Article 6th of Law dated 24 October 2018 and numbered 7147 about Türkiye Kalkınma ve Yatırım Bankası A.Ş., the Parent Bank is not subject to the provisions of the Banking Law No. 5411 and the Consolidated Audit and Consolidated Financial Reporting in the relevant legislation due to its shares in Türkiye Kalkınma Fonu of which the Bank is the founder.

Since the Bank's associates are not financial institutions, they are not consolidated using the equity method in the consolidated financial statements within the scope of the Communiqué on the Preparation of Consolidated Financial Statements of Banks.

VII. Current or Likely Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts Between the Parent Bank and Its Subsidiaries:

As explained above, Kalkınma Yatırım Menkul Değerler A.Ş. is in liquidation process, and transfer of equity is expected to be made at the end of the liquidation process.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Consolidated Balance Sheet (Statement of Financial Position) As of 31 December 2021
 (Thousands of Turkish Lira (TL) unless otherwise stated)

I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five I)	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. FINANCIAL ASSETS (NET)	(1)	4.932.631	3.488.917	8.421.548	3.518.996	2.622.919	6.141.915
1.1 Cash and Cash Equivalents		3.939.038	328.579	4.267.617	2.943.934	2.112.671	5.056.605
1.1.1 Cash and Balances with Central Bank		2.051	-	2.051	1.126	-	1.126
1.1.2 Banks		2.950.096	328.579	3.278.675	1.451.253	2.112.671	3.563.924
1.1.3 Money Markets		993.282	-	993.282	1.500.739	-	1.500.739
1.1.4 Expected Credit Loss (-)		(6.391)	-	(6.391)	(9.184)	-	(9.184)
1.2 Financial Assets Measured at Fair Value Through Profit or Loss		7.124	213.743	220.867	119.725	119.725	119.725
1.2.1 Government Securities		-	-	-	-	-	-
1.2.2 Equity Securities		-	213.743	213.743	-	119.725	119.725
1.2.3 Other Financial Assets		7.124	-	7.124	-	-	-
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income		986.104	2.946.595	3.932.699	575.019	390.523	965.542
1.3.1 Government Securities		959.627	1.720.811	2.680.438	549.917	345.964	895.881
1.3.2 Equity Securities		16.477	-	16.477	14.990	-	14.990
1.3.3 Other Financial Assets		10.000	1.225.784	1.235.784	10.112	44.559	54.671
1.4 Derivative Financial Assets		365	-	365	43	-	43
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		365	-	365	43	-	43
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)	(2)	2.613.432	37.092.441	39.705.873	1.194.875	20.580.110	21.774.985
2.1 Loans		3.239.180	34.244.039	37.483.219	1.415.404	18.987.319	20.402.723
2.2 Lease Receivables		-	-	-	30	-	30
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost		163.990	2.848.402	3.012.392	124.551	1.592.791	1.717.342
2.4.1 Government Securities		163.990	2.848.402	3.012.392	124.551	1.592.791	1.717.342
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Expected Credit Loss (-)		(789.738)	-	(789.738)	(345.110)	-	(345.110)
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(3)	-	-	-	-	-	-
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	(4)	10.119	-	10.119	18.693	-	18.693
4.1 Associates (Net)		10.119	-	10.119	18.693	-	18.693
4.1.1 Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Financial Subsidiaries		10.119	-	10.119	18.693	-	18.693
4.2 Subsidiaries (Net)		-	-	-	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)		-	-	-	-	-	-
4.3.1 Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(8)	27.953	-	27.953	46.139	-	46.139
VI. INTANGIBLE ASSETS (Net)	(9)	21.875	-	21.875	17.744	-	17.744
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		21.875	-	21.875	17.744	-	17.744
VII. INVESTMENT PROPERTY (Net)	(10)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET	(11)	-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(12)	95.678	-	95.678	18.054	-	18.054
X. OTHER ASSETS	(14)	26.173	69.511	95.684	23.401	30.807	54.208
TOTAL ASSETS		7.727.861	40.650.869	48.378.730	4.837.902	23.233.836	28.071.738

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Consolidated Balance Sheet (Statement of Financial Position) As of 31 December 2021
 (Thousand of Turkish Lira (TL) unless otherwise stated)

I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Notes (Section Five II)	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	(1)	-	-	-	-	-	-
II. FUNDS BORROWED	(2)	2.324.263	35.586.672	37.910.935	782.206	20.980.533	21.762.739
III. MONEY MARKET FUNDS	(3)	629.707	-	629.707	203.850	-	203.850
IV. SECURITIES ISSUED (Net)	(4)	51.882	-	51.882	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		51.882	-	51.882	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS	(5)	463.536	1.065.255	1.528.791	121.079	124.137	245.216
5.1 Borrower Funds		443.427	319.769	763.196	102.413	61.625	164.038
5.2 Other		20.109	745.486	765.595	18.666	62.512	81.178
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(6)	-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(7)	26.693	-	26.693	47	-	47
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		26.693	-	26.693	47	-	47
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES	(8)	-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(9)	10.479	-	10.479	13.575	-	13.575
X. PROVISIONS	(11)	73.649	-	73.649	51.063	-	51.063
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		50.974	-	50.974	39.048	-	39.048
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		22.675	-	22.675	12.015	-	12.015
XI. CURRENT TAX LIABILITY	(12)	25.194	-	25.194	45.281	-	45.281
XII. DEFERRED TAX LIABILITY	(13)	-	-	-	-	-	-
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(14)	-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(15)	-	3.350.857	3.350.857	-	1.993.243	1.993.243
14.1 Borrowings		-	3.350.857	3.350.857	-	1.993.243	1.993.243
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	(16)	86.863	218.043	304.906	47.721	121.061	168.782
XVI. SHAREHOLDERS' EQUITY	(17)	4.498.936	(33.299)	4.465.637	3.577.537	10.405	3.587.942
16.1 Paid-in capital		2.000.000	-	2.000.000	1.600.000	-	1.600.000
16.2 Capital Reserves		209.821	-	209.821	209.757	-	209.757
16.2.1 Share Premium		-	3.747	3.747	-	3.683	3.683
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		206.074	-	206.074	206.074	-	206.074
16.3 Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss		(998)	-	(998)	(348)	-	(348)
16.3.1 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		10.040	(33.299)	(23.259)	4.509	10.405	14.914
16.4 Loss		-	-	-	-	-	-
16.5 Profit Reserves		1.463.876	-	1.463.876	1.262.036	-	1.262.036
16.5.1 Legal Reserves		94.604	-	94.604	69.512	-	69.512
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		1.315.798	-	1.315.798	1.183.750	-	1.183.750
16.5.4 Other Profit Reserves		53.474	-	53.474	8.774	-	8.774
16.6 Profit or (Loss)		816.197	-	816.197	501.583	-	501.583
16.6.1 Prior Periods' Profit or (Loss)		-	-	-	(270)	-	(270)
16.6.2 Current Period Profit or (Loss)		816.467	-	816.467	501.583	-	501.583
16.7 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		8.191.202	40.187.528	48.378.730	4.842.359	23.229.379	28.071.738

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Statement of Off-Balance Sheet As of 31 December 2021

(Thousand of Turkish Lira (TL) unless otherwise stated)

II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	Notes (Section Five III)	Audited Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TL	YC	Total	TL	YC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I-III)		2,387,722	8,442,355	10,830,077	4,822,190	4,407,441	9,229,631
I. GUARANTEES AND WARRANTIES	(1)	53,172	2,252,675	2,305,847	54,826	675,830	730,656
1.1. Letters of Guarantee		53,172	1,869,236	1,922,408	54,826	642,008	696,834
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		53,171	1,869,236	1,922,407	54,824	642,008	696,832
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	54,972	54,972	-	33,822	33,822
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	54,972	54,972	-	33,822	33,822
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	328,467	328,467	-	-	-
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1,3)	1,916,978	4,052,963	5,969,941	4,752,554	3,692,960	8,445,514
2.1. Irrevocable Commitments		269,737	133,925	403,662	24,399	24,399	48,798
2.1.1. Asset Purchase and Sale Commitments		32,861	102,069	134,930	-	-	-
2.1.2. Deposit Purchase and Sale Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		-	-	-	-	-	-
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		236,876	3,919,038	268,732	24,399	24,399	48,798
2.2. Revocable Commitments		1,647,241	3,919,038	5,566,279	4,752,554	3,668,561	8,421,115
2.2.1. Revocable Loan Granting Commitments		1,647,241	3,919,038	5,566,279	4,752,554	3,668,561	8,421,115
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	417,572	2,136,717	2,554,289	14,810	38,651	53,461
3.1. Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Transactions		417,572	2,136,717	2,554,289	14,810	38,651	53,461
3.2.1. Forward Foreign Currency Buy/Sell Transactions		-	-	-	14,810	38,651	53,461
3.2.1.1. Forward Foreign Currency Transactions-Buy		-	-	-	7,424	26,748	34,172
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	-	-	7,386	19,327	26,713
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		417,572	2,136,717	2,554,289	-	-	-
3.2.2.1. Foreign Currency Swap-Buy		417,572	846,860	1,264,432	-	-	-
3.2.2.2. Foreign Currency Swap-Sell		-	1,289,857	1,289,857	-	-	-
3.2.2.3. Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3. Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1. Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2. Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		11,329,202	95,510,930	106,840,132	5,013,406	43,781,832	48,795,238
IV. ITEMS HELD IN CUSTODY		336,689	-	336,689	195,460	-	195,460
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		336,689	-	336,689	195,460	-	195,460
4.3. Checks Received for Collection		-	-	-	-	-	-
4.4. Commercial Notes Received for Collection		-	-	-	-	-	-
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		10,992,513	95,510,930	106,503,443	4,817,946	43,781,832	48,599,778
5.1. Marketable Securities		842,803	-	842,803	587,780	-	587,780
5.2. Guarantee Notes		29,532	6,872,286	6,901,818	13,406	4,316,246	4,329,652
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		9,711,005	72,054,301	81,765,306	3,779,752	28,079,463	31,859,215
5.6. Other Pledged Items		167,279	12,667,237	12,834,516	8,767,569	8,933,933	9,701,502
5.7. Pledged Items-Depository		241,894	3,917,106	4,159,000	270,644	2,618,554	2,889,198
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		13,716,924	103,953,285	117,670,209	9,835,596	48,189,273	58,024,869

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

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Consolidated Statement of Profit or Loss For the Year Ended 31 December 2021

(Thousand of Turkish Lira (TL) unless otherwise stated)

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Notes (Section Five IV)	Audited	
		Current Period 1 January-31 December 2021	Prior Period 1 January-31 December 2020
I. INTEREST INCOME	(1)	2,220,127	1,216,379
1.1. Interest on Loans		1,373,963	811,131
1.2. Interest on Reserve Requirements		-	-
1.3. Interest on Banks		372,703	135,705
1.4. Interest on Money Market Transactions		139,605	81,075
1.5. Interest on Marketable Securities Portfolio		333,814	188,423
1.5.1. Fair Value Through Profit or Loss		-	-
1.5.2. Fair Value Through Other Comprehensive Income		181,250	102,497
1.5.3. Measured at Amortised Cost		152,564	85,926
1.6. Financial Lease Income		-	-
1.7. Other Interest Income		42	45
II. INTEREST EXPENSE (-)	(2)	(843,031)	(479,060)
2.1. Interest on Deposits		-	-
2.2. Interest on Funds Borrowed		(772,495)	(465,361)
2.3. Interest Expense on Money Market Transactions		(40,437)	(5,737)
2.4. Interest on Securities Issued		-	-
2.5. Measured at Amortised Expense		(2,498)	(3,061)
2.6. Other Interest Expenses		(27,601)	(4,901)
III. NET INTEREST INCOME (I - II)		1,377,096	737,319
IV. NET FEES AND COMMISSIONS INCOME		48,785	20,623
4.1. Fees and Commissions Received		64,745	31,144
4.1.1. Non-cash Loans		15,562	3,705
4.1.2. Other		49,183	27,439
4.2. Fees and Commissions Paid		(15,960)	(10,521)
4.2.1. Non-cash Loans		-	-
4.2.2. Other		(15,960)	(10,521)
V. DIVIDEND INCOME	(3)	105,974	5,556
VI. TRADING PROFIT / (LOSS) (Net)	(4)	69,153	10,065
6.1. Trading Gains / (Losses) on Securities		24,338	5,987
6.2. Gains / (Losses) on Derivative Financial Transactions		(744)	(63,527)
6.3. Foreign Exchange Gains / (Losses)		49,559	67,603
VII. OTHER OPERATING INCOME	(5)	106,177	176,264
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		1,707,185	949,825
IX. EXPECTED CREDIT LOSS (-)	(6)	(488,184)	(165,986)
X. OTHER PROVISION EXPENSE (-)		(44,222)	(36,281)
XI. PERSONNEL EXPENSE (-)		(98,498)	(81,346)
XII. OTHER OPERATING EXPENSES (-)	(7)	(61,258)	(45,761)
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		1,015,023	620,451
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XV. INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	(8)	1,015,023	620,451
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (a)	(9)	(198,556)	(118,868)
18.1. Current Tax Provision		(257,424)	(143,198)
18.2. Deferred Tax Income Effect (+)		-	-
18.3. Deferred Tax Expense Effect (-)		58,868	24,330
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII+XVIII)	(10)	816,467	501,583
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1. Income from Non-current Assets Held for Sale		-	-
20.2. Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3. Income from Other Discontinued Operations		-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
21.1. Expenses for Non-current Assets Held for Sale		-	-
21.2. Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3. Expenses for Other Discontinued Operations		-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (a)		-	-
23.1. Current Tax Provision		-	-
23.2. Deferred Tax Expense Effect (+)		-	-
23.3. Deferred Tax Income Effect (-)		-	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII+XXIII)		-	-
XXV. NET PROFIT/(LOSS) (XIX+XXIV)	(11)	816,467	501,583
24.1. Group Profit / Loss		816,467	501,583
24.2. Minority Shares Profit / Loss (-)		-	-
Earning/(Loss) per share (in TL full)		0,004	0,006

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2021
 (Thousand of Turkish Lira (TL) unless otherwise stated)

IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Audited Current Period 1 January-31 December 2021	Audited Prior Period 1 January-31 December 2020
I.	CURRENT PERIOD PROFIT/LOSS	816.467	501.583
II.	OTHER COMPREHENSIVE INCOME	(38.823)	(21.790)
2.1	Not Reclassified to Profit or Loss	(650)	(500)
2.1.1	Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(813)	(625)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	163	125
2.2	Reclassified to Profit or Loss	(38.173)	(21.290)
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(56.766)	(26.571)
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	18.593	5.281
III.	TOTAL COMPREHENSIVE INCOME (I+II)	777.644	479.793

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


TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Consolidated Statement of Changes in Shareholders' Equity For the Year Ended 31 December 2021

(Thousand of Turkish Lira (TL) unless otherwise stated)

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Certificate Cancel Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss						Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income/ (Loss)	Total Equity Excluding Minority Shares	Minority Shares	Total Equity
					Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
					1	2	3	4	5	6						
PRIOR PERIOD																
31 December 2020																
I. Balance at the beginning of the period	850.000	1.983	-	206.074	-	152	-	-	36.204	-	682.612	579.388	-	2.356.413	-	2.356.413
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	850.000	1.983	-	206.074	-	152	-	-	36.204	-	682.612	579.388	-	2.356.413	-	2.356.413
IV. Total comprehensive income (loss)	-	-	-	-	-	(500)	-	-	(21.290)	-	-	-	501.583	479.793	-	479.793
V. Capital increase in cash	750.000	-	-	-	-	-	-	-	-	-	-	-	-	750.000	-	750.000
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII																
I Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	1.700	-	-	-	-	-	-	-	-	36	-	-	1.736	-	1.736
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	579.388	(579.388)	-	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	579.388	(579.388)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances (III+IV+.....+X+XI)	1.600.000	3.683	-	206.074	-	(348)	-	-	14.914	-	1.262.036	-	501.583	3.587.942	-	3.587.942
CURRENT PERIOD																
31 December 2021																
I. Balance at the beginning of the period	1.600.000	3.683	-	206.074	-	(348)	-	-	14.914	-	1.262.036	501.583	-	3.587.942	-	3.587.942
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (I+II)	1.600.000	3.683	-	206.074	-	(348)	-	-	14.914	-	1.262.036	501.583	-	3.587.942	-	3.587.942
IV. Total comprehensive income (loss)	-	-	-	-	-	(650)	-	-	(38.173)	-	-	-	816.467	777.644	-	777.644
V. Capital increase in cash	100.000	64	-	-	-	-	-	-	-	-	-	-	-	100.064	-	100.064
VI. Capital increase through internal reserves	300.000	-	-	-	-	-	-	-	-	-	(300.000)	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII																
I Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	(13)	-	(13)	-	(13)
XI. Profit distribution	-	-	-	-	-	-	-	-	-	-	501.840	(501.840)	-	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	501.840	(501.840)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances (III+IV+.....+X+XI)	2.000.000	3.747	-	206.074	-	(998)	-	-	(23.259)	-	1.463.876	(270)	816.467	4.465.637	-	4.465.637

1. Tangible and Intangible Assets Revaluation Reserve,

2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans,

3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss),

4. Exchange Differences on Translation,

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,

6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss).

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Consolidated Statement of Cash Flows For the Year Ended 31 December 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. CONSOLIDATED STATEMENT OF CASH FLOWS			
	Notes (Section Five)	Audited Current Period 1 January-31 December 2021	Audited Prior Period 1 January-31 December 2020
A. CASH FLOWS FROM BANKING OPERATIONS			
I.1 Operating Profit Before Changes in Operating Assets and Liabilities	(1)	756.191	416.404
1.1.1 Interest Received		1.823.220	1.107.399
1.1.2 Interest Paid		(563.668)	(405.200)
1.1.3 Dividend Received		105.975	5.556
1.1.4 Fees and Commissions Received		55.094	31.144
1.1.5 Other Income		135.355	132.864
1.1.6 Collections from Previously Written-off Loans and Other Receivables		22.463	36.348
1.1.7 Payments to Personnel and Service Suppliers		(100.209)	(101.430)
1.1.8 Taxes Paid		(289.631)	(148.316)
1.1.9 Other	(1)	(432.408)	(241.961)
I.2 Changes in Operating Assets and Liabilities	(1)	(393.755)	1.438.110
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		74.760	(8.664)
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		-	-
1.2.3 Net (increase) / decrease in loans		(3.097.730)	(838.995)
1.2.4 Net (increase) / decrease in other assets		(43.991)	7.009
1.2.5 Net increase / (decrease) in bank deposits		-	-
1.2.6 Net increase / (decrease) in other deposits		-	-
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		1.210.921	1.807.371
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities	(1)	1.462.285	471.389
I. Net Cash Provided from Banking Operations	(1)	362.436	1.854.514
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net Cash Provided from Investing Activities		(1.865.091)	(228.888)
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		8.574	-
2.3 Purchases of property and equipment		(2.727)	(5.202)
2.4 Disposals of property and equipment		77.303	171.521
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(4.214.092)	(446.340)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		2.378.657	235.725
2.7 Purchase of Financial Assets Measured at Amortised Cost		(114.880)	(190.044)
2.8 Sale of Financial Assets Measured at Amortised Cost		10.175	26.602
2.9 Other		(8.101)	(21.150)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities	(1)	93.122	743.246
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Equity Instruments		100.064	750.000
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(6.942)	(6.754)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(1)	614.449	217.938
V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		(795.084)	2.586.810
VI. Cash and Cash Equivalents at the Beginning of the Period	(2)	5.057.379	2.470.569
VII. Cash and Cash Equivalents at the End of the Period	(3)	4.262.295	5.057.379

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
Statement of Profit Distribution As of 31 December 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

VII. STATEMENT OF PROFIT DISTRIBUTION		
	Audited Current Period 1 January-31 December 2021(*)	Audited Prior Period 1 January-31 December 2020
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	1.011.607	620.772
1.2 TAXES AND DUTIES PAYABLE(-)	(197.683)	(118.932)
1.2.1 Corporate Tax (Income tax)	(256.415)	(143.198)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	58.732	24.266
A. NET INCOME FOR THE YEAR (1.1-1.2)	813.924	501.840
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	(25.092)
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	813.924	476.748
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 GENERAL RESERVES(**)	-	432.048
1.13 OTHER RESERVES	-	44.700
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE(***)		
3.1 TO OWNERS OF ORDINARY SHARES	0,006	0,006
3.2 TO OWNERS OF ORDINARY SHARES (%)	0,4	0,6
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Since the dividend distribution proposal for 2021 to be submitted to the General Assembly for approval has not yet been prepared by the Board of Directors, only the distributable profit amount is specified in the 2021 dividend distribution table.

(**) The profit of 2020 was transferred to extraordinary reserves and other profit reserves with the decision of the General Assembly.

(***) Shown with full TL amount.

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



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2021

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION THREE

ACCOUNTING POLICIES

I. Explanations on Basis of Presentation:

a. The preparation of financial statements and related notes according to Turkish Accounting Standards and Regulation on the Procedures And Principles Regarding Banks Accounting Practices and Maintaining Documents:

As prescribed in the Article 37 of the Banking Act No. 5411, the Parent Bank prepares its consolidated financial statements and underlying documents in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks" and other regulations, explanations and circulars on accounting and financial reporting principles announced by the Banking Regulation and Supervision Agency ("BRSA") and Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") except for matters regulated by BRSA legislation (together referred as "BRSA Accounting and Reporting Legislation").

In accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements as of 31 December 2021", published in the Official Gazette No. 30673, dated 1 February 2019, accompanying financial statements are aligned with latest financial statement format.

b. Changes in accounting policies and disclosures:

TAS / TFRS changes, which entered into force as of 1 January 2021, do not have a significant effect on the accounting policies, financial status and performance of the Parent Bank. TAS and TFRS changes, which were published but not put into effect as of the final date of the financial statements, will not have a significant effect on the accounting policies, financial status and performance of the Parent Bank. In addition, the Indicator Interest Rate Reform - 2nd Stage, bringing changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published in December 2020 and early implementation of the changes is allowed. With the amendments made, certain exceptions are provided for the basis used in determining contractual cash flows and the provisions of hedge accounting. The changes are not considered to have a significant impact on the Parent Bank's financials. On the other hand, the Indicative Interest Rate Reform process continues for some indicators and, the Parent Bank continues to work within the scope of adaptation to the changes.

In accordance with the announcement dated 20 January 2022 made by the POA, since the cumulative change in the general purchasing power of the last three years is 74,41% according to the Consumer Price Index ("CPI"), it has been stated that companies applying TFRS will not need to make any adjustments in their financial statements for 2021 within the scope of the TAS 29 Financial Reporting Standard in Hyperinflationary Economies. For this reason, while preparing the financial statements as of 31 December 2021, no inflation adjustment was made according to TAS 29.

c. Other issues:

The new coronavirus disease (COVID-19), which emerged in the People's Republic of China in the end of December 2019 and spread to other countries, was declared as a pandemic on 11 March 2020 by the World Health Organization. In order to keep the negative economic effects of the epidemic to minimum, some measures are taken both in our country and around the world. The effects of these developments on the Parent Bank's financial status and activities are closely monitored by the relevant units and the Parent Bank's Top Management.

II. Basis of valuation used in the preparation of consolidated financial statements:

Accounting policies for the preparation of consolidated financial statements and valuation principles used are applied in accordance with BRSA Accounting and Reporting Legislation.

Those accounting policies and valuation principles are explained below notes through II - XXIII.

Except for the financial assets and liabilities carried at fair value, the consolidated financial statements have been prepared in thousand of Turkish Lira ("TL") under the historical cost.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on Utilization Strategy of Financial Instruments and Foreign Currency Transactions:

Most of the liabilities of the balance sheet of the Parent Bank consists of funds obtained from domestic and international markets. The majority of funds obtained domestically consists of funds provided by Central Bank of the Republic of Turkey, Export Credit Bank of Turkey, international institutions such as World Bank, Islamic Development Bank and German Development Bank via Republic of Turkey Ministry of Treasury and Finance and budget originated funds and the rest consists of funds provided through short-term money market transactions within the framework of balance sheet management. The Bank acts as an intermediary for those funds provided by the Republic of Turkey Ministry of Treasury and Finance to be utilized in various sectors. The funds obtained internationally consist of medium- and long-term loans borrowed from World Bank, European Investment Bank, Council of European Development Bank, Islamic Development Bank, Japan International Corporation Bank, Black Sea Trade and Development Bank, Industrial and Commercial Bank of China, Asian Infrastructure Investment Bank and German Development Bank.

During the utilization of the funds obtained, the Parent Bank pays attention for utilization of loans in line with borrowing conditions while taking assets-liability mismatch into account, and tries to avoid maturity, exchange rate and liquidity risks. Exchange rate risk, interest rate risk and liquidity risk are measured and monitored on a regular basis, necessary measures are taken as a result of changes in the market data and balance sheet management is performed within the predetermined risk limits and legal limits.

A non-speculative exchange rate position risk management is applied to limit the Parent Bank's exchange rate risk. For that reason, during the determination of the allocation of balance sheet and off-balance sheet assets according to currencies, foreign currency management policy is applied in the most effective way.

Commercial placements are directed to high-profit and low-risk assets by taking Parent Bank-specific and domestic economic expectations, market conditions, expectations and inclinations of loan customers, risks like interest, liquidity, exchange rate etc. into account, and safety policy is kept in the foreground for placement activities. Basic macro goals concerning balance sheet sizes are determined during budgeting and the transactions are carried out according to work programs prepared in this context.

The exchange rates, interest and price movements are closely monitored; transaction and control limits that are developed from the Parent Bank's previous experiences are based on when taking positions as well as legal limits. In this way, limit excesses are prevented.

During foreign currency transactions, procedures detailed below are applied.

- Foreign currency monetary assets and liabilities are translated to Turkish Lira (TL) with the buying exchange rates announced by the Parent Bank at the end of period and foreign exchange differences are accounted as foreign exchange gain or loss.
- There is no exchange rate differences capitalized as of the balance sheet date.
- Basic principles of exchange rate risk management policy: Decisions to avoid exchange rate and parity risks are taken by the Asset- Liability Committee that meets regularly. The decisions are in line with the models prepared in the context of the basic boundaries of Foreign Currency Net General Position/Shareholders' Equity Ratio which is included in legal requirements, and those decisions are carried out carefully. To avoid parity risk, foreign exchange position is managed by taking singular and general positions.
- Foreign currency transactions are calculated using the exchange rates prevailing at the dates of transactions and the profit/losses are included in the statement of profit or loss of the related period.



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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)

IV. Explanations on Consolidated Partnerships:

a. Consolidation principles applied:

Consolidated financial statements are prepared in accordance with the "Communiqué on the Preparation of Consolidated Financial Statements of Banks" and "TFRS - 10 Consolidated Financial Statements" published in the Official Gazette dated 8 November 2006 and numbered 26340.

b. Consolidation principles of subsidiaries:

Subsidiaries, whose capital or management is directly or indirectly controlled by the Parent Bank, are entities in which the Parent Bank has the power over the investment and returns due to its relationship with the invested legal entity and the ability to use its power over the invested legal entity in order to influence the amount of returns it has.

Subsidiaries are consolidated using the full consolidation method on the basis of their operating results, asset and equity sizes. According to the full consolidation method, one hundred percent of subsidiaries' assets, liabilities, income, expenses and off-balance sheet items are consolidated with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The book value of the investments of the Bank in its subsidiaries and the capital of its subsidiaries have been clarified. Balances arising from the transactions between the partnerships within the scope of consolidation have been mutually offset.

The Parent Bank and its consolidated subsidiaries will be referred to as the "Group" in the remainder of the report.

The titles of the partnerships within the scope of consolidation, the location of the headquarters, the field of activity, the effective and direct shareholding ratio are as follows:

Title	(City/ Country)	Activity subject	Effective partnership rates (%)	Direct and indirect partnership rates (%)
Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	Istanbul/Turkey	Portfolio management	100	100
Kalkınma Yatırım Varlık Kiralama A.Ş.	Istanbul/Turkey	Asset rental	100	100

V. Representation of associates, subsidiaries and jointly controlled partners not included in consolidation in the consolidated financial statements:

Subsidiaries, associates and jointly controlled partners that are not included in the scope of consolidation are recognized at cost in accordance with the "TAS - 27 Separate Financial Statements" and reflected in the consolidated financial statements after deducting the provision for depreciation, if any.

VI. Explanations on Futures, Options Contracts and Derivative Instruments:

Derivative transactions of the Bank mainly consist of forward foreign currency purchase and sale and currency swap transactions. The Bank has no derivative instruments that can be separated from the host contract.

Derivative instruments are classified as "Derivative Financial Assets at Fair Value Through Profit or Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income" within the scope of TFRS 9 Financial Instruments. Derivative financial instruments are recorded with the fair value at the date of agreement and revalued at fair value in the following reporting periods. Depending on whether the valuation difference is negative or positive, these differences are shown in the relevant accounts in the balance sheet. Receivables and liabilities arising from derivative transactions are recorded in off-balance sheet accounts over their contract amounts. Differences in the fair value of derivative transactions at fair value through profit or loss are accounted for under profit/loss from derivative financial transactions in the trading profit/loss item in the statement of profit or loss.

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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)

VII. Explanations on Interest Income and Expenses:

Interests are recorded according to the effective interest rate method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities).

If a financial asset possesses on uncollected interest accrual before its acquisition by the Parent Bank, interest collected afterwards is separated into periods such as before its acquisition and after acquisition, and only the part of after acquisition is recognized as interest income on the profit or loss statement.

The Parent Bank does not cancel the interest accruals and rediscounts of loans and other receivables that have become non-performing loans within the framework of the effectuated in 1 January 2018 "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette dated 22 June 2016 and numbered 29750 and monitors said amounts in interest income. Within the scope of TFRS 9 methodology, the expected loss provision is calculated based on the interest accruals and rediscounts added amounts.

VIII. Explanations on Fees and Commission Income and Expenses:

Fees and commissions received from cash loans, that are not attributable to interest rates applied, and fees for banking services are recorded as income on the date of collection. Fees and commissions paid for the funds borrowed, which are not attributable to interest rates of the funds borrowed, are recorded as expense on the date of the payment. All other commission and fee income and expenses, are recorded on an accrual basis. Earnings in return of agreements or as a result of services provided for real or legal third parties for purchase or sale of assets are recorded as income when collected.

IX. Explanations on Financial Assets:

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

The Group adds its financial assets to the financial statements in accordance with the provisions of the "Importing and Excluding the Financial Statements" section of the TFRS 9 Standard and subtracts them from the financial statements.

Financial assets are included in the statement of financial status when they become a party to the terms of the contract related to the financial asset and measured at fair value for the first time (excluding trade receivables under TFRS 15 Customer Contracts Revenue).

In accordance with the classification provisions of the TFRS 9 Financial Instruments Standard, on the basis of the following matters financial assets are measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss by:

- The business model used by the entity for the management of financial assets,
- Properties of contractual cash flows of a financial asset.



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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Financial Assets (Continued):

Business Model Test and Cash Flow Characteristics Test are performed to determine the classification of financial assets. Purchase and sale transactions of these financial assets are accounted according to their “delivery date”. The classification of financial assets is decided on the date of their acquisition, taking into account “Testing of Contractual Cash Flows Only Interest and Principal and Evaluation of Business Model”. When the business model used for the management of financial assets is changed, all financial assets affected by this change are reclassified.

Financial Assets Measured at Fair Value through Profit and Loss:

Financial assets whose fair value differences are reflected in profit / loss are mainly for a short-term securities acquired for the purpose of being sold or bought back in the near future.

Financial assets whose fair value difference is reflected in profit / loss are reflected to the balance sheet at their cost values and are subject to valuation at fair value following their recording. Fair values for securities traded on Borsa Istanbul (BIST) are found using the weighted average clearing prices formed on BIST at the balance sheet date.

Gains or losses resulting from the valuation of financial assets whose fair value difference is reflected in profit / loss are reflected in profit / loss accounts. The positive difference between the acquisition cost and discounted value during the holding of financial assets for trading purposes is the difference in “Interest Income”, if the fair value of the asset is above its discounted value, in the “Capital Market Transactions Profits” account, the fair value's; if it is below, the negative difference is recorded in the “Capital Market Transactions Losses” account.

Financial Assets Measured at Fair Value Through Other Comprehensive Income:

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

Financial assets measured at fair value through other comprehensive income are initially recognized at cost including the transaction costs. After initial recognition, valuation of the financial assets at fair value through other comprehensive income is based on fair value. For securities traded on Borsa Istanbul (BIST), fair values are found by using the weighted average settlement prices in BIST at the balance sheet date. In the case a price does not occur in an active market, it is accepted that fair value cannot be reliably determined and amortised cost which is calculated by using the effective interest rate method is accepted as the fair value.

The difference between the cost and fair value is accounted as interest income accrual or impairment loss. Interest income for financial assets measured at fair value through other comprehensive income with fixed or floating interest rate shows the difference between cost and amortised cost calculated by using the effective interest rate method and accounted for as interest income from marketable securities. Unrealized gains and losses arising from changes in fair value of the financial assets measured at fair value through other comprehensive income and which are denoting the difference between fair value and amortised cost of financial assets, are recognized in the “Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss” and amounts accounted for under equity are reflected to income statement when financial assets are sold.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on Financial Assets (Continued):

Equity Instruments Measured at Fair Value Through Other Comprehensive Income:

During the first registration an irreversible preference can be made about reflecting the changes in the fair value of the investment in an equity instrument within the scope of TFRS 9, which are not held for commercial purposes or that are not contingent on the financial statements of the acquirer in a business combination where the TFRS 3 Business Combinations standard is applied in the other comprehensive income. The choice in question is made separately for each financial instrument.

The relevant fair value differences recognized in the other comprehensive income statement are not transferred to profit or loss in the following periods, but are transferred to previous periods' profit / loss. Dividends from such investments are included in the financial statements as profit or loss unless they are explicitly a part of the investment cost recovery. TFRS 9 impairment provisions are not valid for equity investments.

Equity securities representing a share in the capital, which are classified as financial assets at fair value through other comprehensive income, are accounted with their fair values if they are traded in organized markets, and/or their fair value can be determined reliably. However, the cost may be an appropriate estimation method for determining fair value in some exceptional circumstances. This may be the case if there is not enough recent information on fair value measurement or if fair value can be measured by more than one method and the cost best reflects the fair value estimation among these methods.

Financial Investments Measured at Amortised Cost and Loans:

Financial Investments Measured at Amortised 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 amortised cost are subsequently measured at amortised cost by using effective interest rate method, and they are accounted for by setting forth provision for impairment loss or by posting interest income accrual. Interests received from financial assets measured at amortised cost are recognized as interest income.

Loans

Loans represent unquoted financial assets in an active market that provide money, goods or services to the debtor with fixed or determinable payments.

Loans are initially recognized with cost and carried at amortised cost calculated using the effective interest rate method at the subsequent periods. Transaction fees, dues and other expenses paid for loan guarantees are considered as a part of the transaction cost and reflected to the customers.

Cash loans granted by the Bank consist of investment and working capital loans and loans given through banks and leasing companies (APEX method).

Foreign currency indexed loans are converted into Turkish Lira with the exchange rate on the opening date and followed in Turkish Currency accounts. Repayments are calculated by using the exchange rates at the repayment dates and exchange differences are recognized under the foreign currency income and expense accounts.


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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
IX. Explanations on Financial Assets (Continued):

The loan portfolio is regularly monitored by the Parent Bank's management and if there are any suspicions about the inability to collect the loans granted, the loans accepted as troubled and are classified in accordance with Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside published in the Official Gazette dated 22 June 2016 and numbered 29750 and the latest changes dated 18 October 2018 and numbered 30569 and TFRS 9.

With Türkiye Kalkınma ve Yatırım Bankası A.Ş. Law dated 24 October 2018 and numbered 7147, the first paragraph of the Article 53 of the Banking Law No: 5411 is decided not to be enforced to the Bank and the Parent Bank's Board of Directors is stated to determine the procedures and principles regarding the classification, monitoring, follow-up, provision ratios and collaterals of loans. In this context the Bank has decided to perform the classification and provisioning of loans in accordance with the TFRS 9 Standard and the Regulation on Provisions and Principles Regarding the Classification of Loans and Provisions to be Set Aside.

Cash and Cash Equivalents:

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

X. Explanations on Impairment of Financial Assets:

As of 1 January 2019, the Parent Bank recognizes provisions for impairment 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." In this framework, the method of allocating credit provisions applied within the framework of the relevant legislation of BRSA has been replaced with the expected credit loss model.

Expected credit loss (ECL) model is used for instruments (such as bank deposits, loans and leasing receivables) recorded in other comprehensive income statement over amortized cost or fair value, and in addition, for financial lease receivables that cannot be measured at fair value through profit / loss, contract assets, credit commitments, and financial guarantee contracts.

The guiding principle of the ECL model is to reflect the general outlook of the increase or improvement in credit risk of financial instruments. The amount of ECLs defined as loss provision or provision depends on the degree of increase in credit risk since the loan was first issued.

Within the scope of TFRS 9 Financial Instruments, three basic factors regarding the measurement of expected credit loss are taken into consideration. These,

- (a) the amount weighted according to the neutrality and probabilities determined by evaluating the possible outcome range,
- (b) time value of money
- (c) reasonable and supportable information on past events, current conditions and forecasts of future economic conditions that can be obtained without incurring excessive cost or effort as of the reporting date.

Taking into consideration these three factors, the Parent Bank's historical data is modeled and the expected loss amount is calculated for each loan. Since the expected loss represents the future value, the present value of this amount is calculated with the discounting factor.

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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
X. Explanations on Impairment of Financial Assets (Continued):

In order to reflect the changes in credit risk since the initial recognition of credit risk, the loss provision is updated at each reporting date in which the expected loss calculations are performed.

The Parent Bank assesses whether there has been a significant increase in credit risk in the financial instrument for the first time since it was included in the financial statements. In making this assessment, the Parent Bank uses the change in default risk during the expected life of the financial instrument. To make this assessment, the Parent Bank compares default risk related to the financial instrument as of the reporting date and the default risk related to the financial instrument for the first time in the financial statements and takes into consideration reasonable and supportable information which can be obtained without incurring excessive costs or efforts and is reasonable indication of significant increases in credit risk since its introduction for the first time.

In the TFRS 9 impairment, a 3-step approach is used in which the credit risk level increases at each stage:

Stage 1: It refers to all accounts that have not shown any deterioration in credit quality since the loan was issued. All accounts defined as having low credit risk will be classified as Stage 1 without periodically checking whether there is a significant increase in credit risk. A 12-month provision calculation is performed for all accounts classified in Stage 1.

Stage 2: Refers to all accounts showing significant deterioration in credit quality since the loan was issued. For all accounts classified in Stage 2, lifetime provision calculations are performed.

Stage 3: Refers to all impaired assets. For all accounts classified in Stage 3, lifetime provision calculations are performed.

Financial assets in Basket 3 might be evaluated individually in the current provision calculations made by the Bank, and final evaluation is made by the Board of Directors together with their justifications. In this context, the Bank has allocated additional provisions for customers whose impacts are considered to be high, by making individual valuations in the calculation of expected credit losses.

TFRS 9 requires a 12-month compensation for all loans in stage 1, and a lifetime provision for all remaining loans.

Significant Increase in Credit Risk

If the customers classified as Stage 1 meet the following criteria, it has been decided by the Parent Bank to be classified under Stage 2:

- The number of delay days of the customer is over 30
- Restructuring of the debtor with financial difficulties by granting concession
- Customer has close monitoring criteria
- There is a 35 percent or more decrease in the quantitative score to be calculated by considering the end-of-year financial statements for the customer every year, and the score in question drops below 40 (a significant increase criterion in credit risk).

Customers are periodically evaluated (at least once a year) and their ratings are updated in order to evaluate the criterion of significant increase in credit risk. The evaluation period is shortened for the borrowers whom a significant deterioration signal is received in credit risk during the year.

Classification criterias under Stage 2 work for all bank customers, in addition, in case of negative market intelligence, classification can be made under Stage 2. This process continues under TFRS 9. The classification rules determined within the scope of TFRS 9 work for all portfolios.

Treasury and Banks portfolios are among the low default portfolios, and it is decided by the Group to classify the assets in this portfolio under Stage 1 until an opposite assessment is made.


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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
X. Explanations on Impairment of Financial Assets (Continued):
Significant Increase in Credit Risk (Continued):

The decrease of customer rating score calculated according to the credit rating model used within the bank for the quantitative criteria related to the significant deterioration in the credit risk specified in Article 4 of the provisions regulation regarding the classification of the loans, by 35 percent and above, and the fall of score in question below 40, is determined by the Bank as the criterion of significant deterioration. In addition to these criterias, the restructuring applied to the customer who has financial difficulties specified in Article 7 of the Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside is used as a classification criterion under Stage 2.

Definition of Default

When defining the default for the purpose of determining the default risk according to TFRS 9, the entity uses a default definition consistent with the definition used for the credit risk management purposes of the related financial instrument and, if appropriate, takes into account qualitative indicators (e.g. financial commitments). However, unless the entity has reasonable and supportable information that reveals that default will occur when there is a longer delay, there is an otherwise demonstrable pre-acceptance that the default will not occur after the financial instrument expires after 90 days. The definition of default used for these purposes is applied consistently to all financial instruments unless information that proves that another definition of default is more appropriate for a particular financial instrument is available. " According to the article, the definition of default is used within the scope of modeling.

The definition of default used in the Parent Bank is as follows:

- Customers with more than 90 days of delay (The number of customer delay days represents the highest number of delay days of the customer's existing loans on the relevant reporting date.)
- Compensation of the letter of guarantee received by the Parent Bank for collateral
- Customers considered to be at high risk by the Parent Bank

With the BRSA's decisions numbered 8948 dated 17 March 2020, numbered 8970 dated 27 March 2020, numbered 9312 dated 8 December 2020 and numbered 9624 dated 17 June 2021, within the scope of the 4th and 5th articles of the Regulation on Provisions and Principles Regarding the Classification of Loans and Provisions to be Set Aside, the 30 days delay period foreseen for classification in the Stage 2 is allowed to be applied as 90 days and the 90 days delay period foreseen to be classified as non-performing loans is allowed to be applied as 180 days. As stated in the relevant decisions, the Parent Bank allocated provisions according to its own risk model for the loans within the scope of this application, which will be valid until 30 September 2021. With the BRSA's decision numbered 9795 dated 16 September 2021, this practice is terminated as of the end of 30 September 2021, but as of 1 October 2021, the application is decided to be continued in the same way for loans with a delay period of more than 31 days but not exceeding 90 days and for loans with a delay period of more than 91 days but not exceeding 180 days. As of 1 October 2021, Parent the Bank carries out the classification procedures in line with the BRSA board decision.

12 Month Expected Loss

12-month loan loss corresponds to a part of the expected loan loss that may arise from the possible default status of the loan within 12 months of the reporting date.

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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
X. Explanations on Impairment of Financial Assets (Continued):
Lifetime Expected Loss

Lifetime losses arise from all possible default events that may occur during the expected life span of the financial instrument after the reporting date. Life expectancy is related to the maturity of the financial instrument.

One of the risk parameters to be used in calculating the provision amounts to be set as per TFRS 9 is the Probability of Default (PD) information. Probability of Default refers to the possibility of a live loan falling into default. PD calculation is carried out by considering past data, current conditions and prospective macroeconomic expectations.

Specifically, while calculating PD, qualitative, quantitative scores, sector, bank degree and macro effect are taken into account. For the company whose quantitative evaluation is made, an objective score is produced between 0 and 100. The sector in which the company operates is determined in accordance with the NACE code (Statistical Classification of European Community Economic Activities; a reference resource for the purpose of producing and disseminating statistics on economic activities in Europe).

After the qualitative and quantitative scores of the company are determined, the mentioned points are weighted according to the company scale and the company's score is calculated.

Banks, on the other hand, are ranked objectively by considering various criteria, namely capital, asset quality, liquidity, profitability, income-expenditure structure and capacity.

Finally, for the macro effect, a volatility index is calculated first, and then variables that act in parallel and play a role in the measurement of crisis probabilities before sudden financial shocks are identified. Afterwards, the index is created by weighting the determined variables according to the success rate.

The macro effect ultimately applied to the customer scores by the Parent Bank is the macro note calculated on the company grade (non-macro score) calculated as a result of qualitative (partnership information, group of companies, etc.) and quantitative (liquidity, financial structure, profitability etc.) assessment of each customer. In line with the customer's score, corrections are applied. In this context, studies to determine pioneering vulnerability indicators of Turkey's economy are made and by the Parent Bank it has been identified that some of the variables derived from various areas of the economy successfully predicted crisis periods in advance. This prediction has been accepted by the Parent Bank as the threshold values are exceeded and the signal is produced starting at least 12 months before the crisis.

In order to obtain the macroeconomic score, which is calculated by considering the positive and negative scenarios as well as the base scenario value, values are calculated at a certain margin in accordance with the distribution of the series for positive and negative scenario values from the index values distributed between 0-100 and averaged over 12 months.


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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
X. Explanations on Impairment of Financial Assets (Continued):

Due to the COVID-19 epidemic, which has influenced the whole world, since mid-March 2020, many enterprises have suspended their operations for a certain period or certain sectors have been restricted within the framework of measures taken to create remote working conditions. The Parent Bank analyzed the effects of COVID-19 to the sectors which the loans in the loan portfolio are used and updated the sector parameters with the assumption that the foreseen risk was not systematic and reflected the epidemic effect to TFRS 9 parameters by considering the relationships between TFRS 9 parameters and sectoral risk level. The forecasts and expected effects regarding the epidemic are reviewed regularly by the Parent Bank.

XI. Explanations on Offsetting of Financial Assets and Liabilities:

Financial assets and liabilities are offset on balance sheet when the Group has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously.

XII. Explanations on Sales and Repurchase Agreements and Lending of Securities:

Securities sold in repurchase agreements (repo) are followed in the balance sheet accounts in line with Uniform Chart of Accounts. Accordingly, the government bonds and treasury bills sold to the clients in the context of repurchase agreements are classified as "Subject to Repurchase Agreements" and are valued at fair values or at discounted values using effective interest rate method according to the holding purposes in the Group portfolio. Funds gained by repurchase agreements are shown separately in the liability accounts and interest expense accrual is calculated for these funds.

Securities that were purchased to resell commitment (reverse repurchase agreements) are shown as a line item under 'Money Market Placements' line. For the difference between the purchase of securities and resale prices of the reverse repo agreements for the period; income accrual is calculated using the effective interest rate method. There are no marketable securities lending transactions.

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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
XIII. Explanations on Fixed Assets Held for Sale and Discontinued Operations and Related Liabilities:

Assets that are classified as held for sale (or the disposal group) are measured at the lower of its carrying amount and fair value less costs to sell. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer.

Also, the asset should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets (or the disposal group) are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the assets. The Parent Bank has no assets classified as held for sale.

A discontinued operation is a component that either has been disposed of, or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement. The Parent Bank has no discontinued operations.

XIV. Explanations on Goodwill and Other Intangible Assets:

As at the balance sheet date, there is no goodwill recorded in the consolidated balance sheet of the Bank.

Intangible fixed assets first are carried at cost which includes acquisition costs and other direct costs bearded necessary for the assets to become ready for use. Subsequent to recognition, intangible assets are presented in financial statements at cost less any accumulated amortization and accumulated impairment losses, if any.

Amortization is charged on a straight-line basis over their estimated useful lives which is 33,33%. Useful life of other intangible assets are determined by the consideration of items like expected usage period of the asset, technical, technological or other kind of obsolesce and maintenance costs incurred to obtain economic benefit from the assets.

Expenses related to existing computer software and computer software improvement that enhance original content and useful life, are capitalized over the software. Those capitalized expenses are amortised over the remaining useful life of the related assets using the "straight line method".


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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
XV. Explanations on Tangible Fixed Assets:

Tangible fixed assets are carried at cost which includes acquisition costs and other direct costs bared necessary for the assets to become ready for use, and if results of appraisal reports exceed the costs, they are not subject to any revaluation. Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and accumulated impairment losses, if any.

The Parent Bank's tangible fixed assets purchased before 1 January 2005 are carried at restated cost in the balance sheet before 31 December 2004 and its tangible fixed assets that are purchased subsequently are valued at historical cost.

Gain or loss arising from the disposal or retirement of an item of tangible fixed assets is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

Ordinary maintenance and repair expenses of tangible fixed assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are capitalized. Investment expenditures include cost items that extend the useful life of the asset, increase the servicing capabilities of the asset, improve the quality of goods or services produced or reduces the costs. There is no pledge, mortgage and other restriction on the tangible fixed assets or given for the purchase commitments or any restrictions on the rights for the use of these.

Tangible fixed assets are amortised by using the straight-line method over their estimated useful lives. Estimated depreciation rates of tangible fixed assets are as follows.

	<u>Estimated Useful Life (Years)</u>	<u>Amortization Rate (%)</u>
Building	50	2
Safes (vaults)	50	2
Vehicles	5	20
Other Tangible Assets	3-15	6,66-33,33

There is no change in accounting estimations that has material effect in the current period or that is expected to have effect in the subsequent periods.

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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
XVI. Explanations on Leasing Transactions:

"IFRS 16 Leases" Standard was published in the Official Gazette dated 16 April 2018 and numbered 29826 to be applied as of 1 January 2019.

Bank as a lessee

The "IFRS 16 Leases" Standard removes financial lease and operational lease distinction for lessees and introduces a single accounting model for all leasing transactions. According to the standard, the lessees reflect a "asset that gives the right to use" and a "lease obligation" to the financial statements at the date when the lease begins. The initial cost of the asset that gives the right to use is measured by deducting the lease incentives from the sum of the lease obligation and the initial direct costs incurred by the lessees. The cost method is used for the measurements after the beginning of the lease. In this method, the asset that gives the right to use is measured by deducting the accumulated depreciation and accumulated depreciation provisions from the cost value. The lease obligation is initially measured at the present value of the lease payments to be made during the lease period. In subsequent measurements, the book value of the liability is increased to reflect the interest on the lease obligation and decreased to reflect the lease payments made. IFRS 16 has made exemptions for leases of 12 months or less and leases related to low value assets.

The Group, which is a lessee in financial leasing transactions, accounts for all lease transactions longer than 12 months as assets and liabilities in the statement of financial position. Depreciation expense related to the leased asset and interest expense in lease payments are reported in the income statement. The lease obligation was initially measured at the present value of the lease payments to be made during the lease period using the Group's TL alternative source cost.

The Parent Bank as a lessor

According to the "IFRS 16 Leases" Standard, financial lease and operational lease distinction continues for the lessor. If the lessor transfers the significant risks and benefits arising from ownership of the asset subject to the lease to the lessee, he will classify it as a financial lease. Other leases will be classified as operational leases. The receivables that arise from leasing the assets of the Parent Bank, which are not included in financial lease transactions and which are not used in banking transactions, are followed up in the receivables from the leasing transaction and are accounted on an accrual basis.


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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
XVII. Explanations on Provisions and Contingent Liabilities:

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 other than the expected credit loss set for loans and other receivables and contingent liabilities are accounted for in accordance with “Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets” (TAS 37).

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

XVIII. Explanations on Employee Benefit Liabilities:

Obligations for employee benefits are recognized in accordance with the TAS 19 “Turkish Accounting Standard about Employee Benefits”.

There is no fund to which the Group personnel are members. However, a part of personnel are members of Personnel Assistance and Additional Social Security Foundation of Türkiye Kalkınma Bankası A.Ş. and the Parent Bank has no obligations regarding this foundation, accordingly no provision is reserved in the accompanying financial statements.

Under the Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. In accordance with the working status of the Group and the social security institution legislation, the retirement pension is related to the ones related to the Law No. 5434 and the severance payment is calculated to those related to the Law No: 1475.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet date have been calculated with a discount rate of 1,34% (31 December 2020: 2,4%). The maximum amount of full TL 10.596,74 effective from 1 January 2022 has been taken into consideration in calculation of provision from employment termination benefits (31 December 2020: full TL 7.638,95).

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SECTION THREE (Continued)
ACCOUNTING POLICIES (Continued)
XIX. Explanations on Taxation:
Current Tax

According to the Temporary Article 13 added to the Corporate Tax Law No: 5520 and with the Article 11 of the Law on the Procedure of Collection of Public Claims and the Law on the Amendment of Some Laws, which entered into force after being published in the Official Gazette dated 22 April 2021 and numbered 31462, the Corporate Tax rate will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. This change will be valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021. According to the new law, temporary tax calculations for the current period have been made by 25%. The corporate tax rate is applied to the tax base to be found as a result of adding the non-deductible expenses to the commercial earnings of the companies, the exemption (such as the participation earnings exemption) and the deduction of the deductions in the tax laws. No further tax is paid if the profit is not distributed. Non-resident corporations' income through a permanent establishment or permanent representative in Turkey and dividends paid to companies' resident in Turkey (dividends) not subject to withholding. Dividend payments made to individuals and institutions other than these are subject to 10% withholding tax. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared by the 17th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year.

Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government. According to 5.1.e. Article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax. This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered as tax loss. Taxes which does not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 50% for real estates, and 75% for others are exempted from Corporation tax. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods. In Turkey, there is no procedure for a final and definitive agreement on tax assessments with tax authorities.

Corporate tax declarations are submitted to the related tax office until the evening of the 30th day of the fourth month following the end of the accounting period and the accrued tax is paid until the evening of the 30th day. However, the authorities competent for tax inspection can examine the accounting records within five years, and the tax amounts to be paid may change if any erroneous transaction is detected.



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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIX. Explanations on Taxation (Continued):

Deferred Tax

In accordance with TAS 12 “Turkish Accounting Standard Relating to Income Tax”, the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of a deferred tax asset is reviewed on each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that enough taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax asset and liability are calculated with the valid tax ratios for the related period.

Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity. Deferred tax asset and deferred tax liability are presented as net in these financial statements.

The income tax charge is composed of the sum of current tax and deferred tax charges. The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible.

According to the second paragraph of the Article 53 of the Banking Act No: 5411, all specific reserves for loans and other receivables are considered as deductible expense for determining corporate tax base.

The current tax payable is offset with prepaid tax, if they are associated with. Deferred tax assets and liabilities are also offset.

Deferred tax calculation is made within the scope of TFRS 9 for the first and second stage provisions.

Transfer Pricing

Transfer pricing is regulated through Article 13 of Corporate Tax Law titled “Transfer Pricing Through Camouflage of Earnings”. Detailed information for the practice regarding the subject is found in the “General Communiqué Regarding Camouflage of Earnings Through Transfer Pricing”. According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against “arm’s length principle”, the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions in means of corporate tax.

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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XX. Additional Explanations on Borrowings:

The Parent Bank accounts its debt instruments in the subsequent periods, by using the effective interest rate method. The Parent Bank has no borrowings that require hedging techniques for accounting and valuation of debt instruments and liabilities representing the borrowings.

The Parent Bank continues its financial support that it provided and still providing by acquiring sources from domestic and international markets. Domestic resources are provided from Central Bank of the Republic of Turkey, Turkey Export Credit Bank, international organizations such as World Bank, Islamic Development Bank and German Development Bank through the Ministry of Treasury and Finance. In addition to these, the Parent Bank acts as an intermediary for the use of various budget-sourced funds domestically. The loan from this source has been disbursed and no new funds have been transferred from the Ministry of Treasury and Finance. The funds provided are recorded in the Bank's resource accounts on the transfer date. The maturity and interest rates of these funds are determined by the public authority through Investment Incentives Communiqués.

The present foreign funds of the Parent Bank are medium and long term loans from World Bank, European Investment Bank, Council of European Development Bank, Islamic Development Bank, Black Sea Trade and Development Bank and Japan International Corporation Bank, Industrial and Commercial Bank of China, Asian Infrastructure Investment Bank and German Development Bank are recorded to related accounts on the date and with the cost of procurement.

The Parent Bank generally prefers providing loans in parallel to the borrowing terms like maturity date, interest rate, interest type and currency type to avoid maturity, exchange rate and liquidity risks.

The Parent Bank has not issued any convertible bonds and debt instruments.

XXI. Explanations on Shares Issued:

The issued capital of the Parent Bank has been increased from TL 1.600.000 to TL 2.000.000 in the current period, with TL 300.000 from internal resources and issuance of TL 100.000 nominal valued shares.

XXII. Explanations on Bill Guarantees and Acceptances:

Commitments regarding bill guarantees and acceptances of the Parent Bank are presented in the “Off Balance Sheet” commitments. There are no commitments regarding bill guarantees and acceptances of the Bank at the prior and current period.

XIII. Explanations on Government Incentives:

There are no government incentives utilized by the Group in the current and prior period.

XXIV. Explanations on Segment Reporting:

As part of its mission, the Parent Bank operates mainly in the areas of corporate banking and investment banking. Corporate banking provides financial solutions and banking services to customers with medium and large joint stock company status. Services offered include investment loans, project finance, TL and foreign exchange business loans, letters of credit and letters of guarantee.

Within the scope of investment banking activities, the Parent Bank's treasury bills, government bond trading, repo transactions, money swaps and forward foreign exchange transactions, capital markets consultancy, financial consultancy, merger and purchase consultancy are performed. Among the investment banking operating income, revenues from Treasury transactions activities are included.

As of 31 December 2021, explanations on segment reporting in line with “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures” are shown below.



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SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXIV. Explanations on Segment Reporting (Continued):

Current Period (31.12.2021)	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Bank
Net interest income	805.685	573.867	(2.456)	1.377.096
Net fees and commissions income/(expense)	(15.959)	51.234	13.510	48.785
Other income	19.594	260.569	2.158	282.321
Other expense	(954)	(488.182)	(204.043)	(693.179)
Profit before tax	808.366	397.488	(190.831)	1.015.023
Tax provision	-	-	(198.556)	(198.556)
Net profit for the period	808.366	397.488	(389.387)	816.467
Group Profit / Loss	808.366	397.488	(389.387)	816.467
Minority Rights Profit / Loss (-)	-	-	-	-
Current Period (31.12.2021)				
Segment assets	11.195.240	37.024.826	148.545	48.368.611
Associates and subsidiaries	-	10.119	-	10.119
Total Assets	11.195.240	37.034.945	148.545	48.378.730
Segment liabilities	656.400	42.863.190	393.503	43.913.093
Shareholders' equity	-	-	4.465.637	4.465.637
Total Liabilities	656.400	42.863.190	4.859.140	48.378.730

Prior Period (31.12.2020)	Investment Banking (Treasury)	Corporate Banking	Other	Total Operations of the Bank
Interest income	399.466	340.869	(3.016)	737.319
Net fees and commissions income	(10.521)	30.781	363	20.623
Other income	10.416	237.867	7.127	255.410
Other expense	(63.527)	(168.538)	(160.836)	(392.901)
Profit before tax	335.834	440.979	(156.362)	620.451
Tax provision	-	-	(118.868)	(118.868)
Net profit for the period	335.834	440.979	(275.230)	501.583
Group Profit / Loss	335.834	440.979	(275.230)	501.583
Minority Rights Profit / Loss (-)	-	-	-	-
Prior Period (31.12.2020)				
Segment assets	7.723.460	20.263.386	66.199	28.053.045
Associates and subsidiaries	-	18.693	-	18.693
Total Assets	7.723.460	20.282.079	66.199	28.071.738
Segment liabilities	203.897	24.012.197	267.702	24.483.796
Shareholders' equity	-	-	3.587.942	3.587.942
Total Liabilities	203.897	24.012.197	3.855.644	28.071.738

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations on Consolidated Equity:

Consolidated equity amount and capital adequacy standard ratio are calculated within the framework of “Regulation Regarding Equities of Banks” and “Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy”.

The Group’s consolidated equity amount as at 31 December 2021 is TL 7.680.327 TL, (31 December 2020: TL 5.669.664) and its capital adequacy ratio is 14,27% (31 December 2020: 22,35%). The capital adequacy ratio of the Group is above the minimum ratio determined by the relevant legislation.

Information on Equity Items:

Current Period (31.12.2021)	Amount	Amount Related to Practice before 1/1/2014*
Common Equity Tier I Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	2.206.074	
Share Premium	3.747	
Reserves	1.463.606	
Other Comprehensive Income according to TAS	4.318	
Profit	816.467	
Net profit for the period	816.467	
Retained Earnings	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
Minority Shares	-	
Common Equity Tier I Capital Before Deductions	4.494.212	
Deductions from Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	45.617	-
Leasehold Improvements on Operational Leases (-)	3.808	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	21.875	-
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital	-	-
Mortgage Servicing Rights not deducted	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences	95.678	-
Other items to be Defined by the BRSA	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals	-	-
Total Deductions From Common Equity Tier I Capital	166.978	
Total Common Equity Tier I Capital	4.327.234	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Issued or Obtained after 1.1.2014)	2.228.580	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4) (Issued or Obtained after 1.1.2014)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Those within the scope of Temporary Article 3)	-	-
Additional Tier I Capital Before Deductions	2.228.580	
Deductions From Additional Tier I Capital	-	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-	-
Investments made by the bank to equity items issued by banks and financial institutions investing in the additional capital items of the bank and meeting the conditions specified in Article 7 of the Regulation	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from Tier I Capital during the Transition Period	-	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	
Total Additional Tier I Capital	2.228.580	
Total Tier I Capital (Tier I Capital = Common Equity Tier I Capital + Additional Tier I Capital)	6.555.814	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	833.881	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Shares of Third Parties in the contribution capital	-	-
Shares of Third Parties in the contribution capital (within the scope of Temporary Article 3)	-	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	290.632	-
Total Deductions from Tier II Capital	1.124.513	
Deductions from Tier II Capital	-	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II 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 I Capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	1.124.513	
Total Equity (Total Tier I and Tier II Capital)	7.680.327	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be Defined by the BRSA	-	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	4.318	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	7.680.327	-
Total Risk Weighted Assets	53.831.619	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	8,04	-
Consolidated Tier I Capital Ratio (%)	12,18	-
Consolidated Capital Adequacy Ratio (%)	14,27	-
BUFFERS		
Bank-specific total CET1 Capital Ratio	2,5	-
Capital Conservation Buffer Ratio (%)	2,5	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-	-
Systemic significant bank buffer ratio (%)	-	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-	-
Amounts Lower Than Excesses as per Deduction Rules	-	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	-
Limits for Provisions Used in Tier II Capital Calculation	-	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	290.632	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	290.632	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	81.208	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (Effective between 1.1.2018-1.1.2022)	-	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

(*) Amounts to be taken into consideration under the previous provisions

In the consolidated equity table, under the amount of capital, in which, is the last receivable right receivable in case of bank liquidation, there is capital and other capital reserves (inflation difference correction). Investment in associates which is denominated in foreign currency on balance sheet, is presented under deductions from Tier I on equity table if there is not enough Tier I or Tier II capital. The amount included in the provision item under Tier II is general provisions.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Prior Period (31.12.2020)	Amount	Amount Related to Practice before 1/1/2014*
Common Equity Tier I Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	1.806.074	
Share Premium	3.683	
Reserves	1.262.036	
Other Comprehensive Income according to TAS	18.838	
Profit	501.583	
Net profit for the period	501.583	
Retained Earnings	-	
Bonus Shares from Associates, Affiliates and Joint-Ventures not Accounted in Current Period's Profit	-	
Minority Shares	-	
Common Equity Tier I Capital Before Deductions	3.592.214	
Deductions from Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS	432	-
Leasehold Improvements on Operational Leases	4.354	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	17.744	-
Net Deferred Tax Asset/Liability	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	18.054	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions From Common Equity Tier I Capital	22.530	
Total Common Equity Tier I Capital	3.569.684	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	1.371.165	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Those within the scope of Temporary Article 3)	-	-
Additional Tier I Capital Before Deductions	1.371.165	
Deductions From Additional Tier I Capital	-	
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from Tier I Capital during the Transition Period	-	-
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	1,371.165	
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	4,940.849	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	513.057	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Shares of Third Parties in the contribution capital		
Shares of Third Parties in the contribution capital (within the scope of Temporary Article 3)		
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	215.738	
Total Deductions from Tier II Capital	728.795	
Deductions from Tier II Capital	-	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Non-Consolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II 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 I Capital (-)	-	-

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SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	728.795	
Total Equity (Total Tier I and Tier II Capital)	5,669.644	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law	-	
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be Defined by the BRSA	-	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	18.838	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation	-	-
Capital		
Total Capital (Total of Tier I Capital and Tier II Capital)	5,669.664	-
Total Risk Weighted Assets	25,289.491	-
CAPITAL ADEQUACY RATIOS		
Consolidated CET1 Capital Ratio (%)	14,04	-
Consolidated Tier I Capital Ratio (%)	19,47	-
Consolidated Capital Adequacy Ratio (%)	22,35	-
BUFFERS		
Bank-specific total CET1 Capital Ratio	2,5	-
Capital Conservation Buffer Ratio (%)	2,5	-
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-	-
Systemic significant bank buffer ratio (%)	-	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Information on Consolidated Equity Items (Continued):

Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-	-
Amounts Lower Than Excesses as per Deduction Rules	-	-
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	-
Limits for Provisions Used in Tier II Capital Calculation	-	-
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	215.738	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	215.738	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	22.541	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (Effective between 1.1.2018-1.1.2022)	-	-
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

* Amounts to be taken into consideration under the previous provisions.

In the equity table, under the amount of capital, in which, is the last receivable right receivable in case of bank liquidation, there is capital and other capital reserves (inflation difference correction). Investment in associates which is denominated in foreign currency on balance sheet, is presented under deductions from Tier I on equity table if there is not enough Tier I or Tier II capital. The amount included in the provision item under Tier II is general provisions.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued)

Explanations on the reconciliation of capital items to balance sheet:

Current Period (31.12.2021)	Balance sheet value	Amount of adjustment	Value at capital report
1. Paid-in-Capital	2.000.000	206.074	2.206.074
2. Capital Reserves	209.821	(206.074)	3.747
2.1. Share Premium	3.747	-	3.747
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3. Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(998)	1.310	312
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	(23.259)	27.577	4.318
5. Profit Reserves	1.463.876	(270)	1.463.606
6. Profit or Loss	816.197	270	816.467
6.1. Prior Periods' Profit or (Loss)	(270)	270	-
6.2. Current Period Profit or (Loss)	816.467	-	816.467
Deductions from Common Equity Tier I Capital (-)	-	(167.290)	(167.290)
Common Equity Tier I Capital	4.465.637	(138.403)	4.327.234
Subordinated Loans	-	2.228.580	2.228.580
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	4.465.637	2.090.177	6.555.814
Subordinated Loans	-	833.881	833.881
General Provisions	-	290.632	290.632
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	-	1.124.513	1.124.513
Deductions from Total Capital (-)	-	-	-
Total	4.465.637	3.214.690	7.680.327


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
I. Explanations on Consolidated Equity (Continued):
Explanations on the reconciliation of capital items to balance sheet (Continued):

Prior Period (31.12.2020)	Balance sheet value	Amount of adjustment	Value at capital report
1.Paid-in-Capital	1.600.000	206.074	1.806.074
2.Capital Reserves	209.757	(206.074)	3.683
2.1. Share Premium	3.683	-	3.683
2.2. Share Cancellation Profits	-	-	-
2.3. Other Capital Reserves	206.074	(206.074)	-
3.Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(348)	-	(348)
4. Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	14.914	3.924	18.838
5.Profit Reserves	1.262.036	-	1.262.036
6.Profit or Loss	501.583	-	501.583
6.1. Prior Periods' Profit or (Loss)	-	-	-
6.2. Current Period Profit or (Loss)	501.583	-	501.583
Deductions from Common Equity Tier I Capital (-)	-	(22.182)	(22.182)
Common Equity Tier I Capital	3.587.942	(18.258)	3.569.684
Subordinated Loans	-	1.371.165	1.371.165
Deductions from Tier I capital (-)	-	-	-
Tier I Capital	3.587.942	1.352.907	4.940.849
Subordinated Loans	-	513.057	513.057
General Provisions	-	215.738	215.738
Deductions from Tier II capital (-)	-	-	-
Tier II Capital	-	728.795	728.795
Deductions from Total Capital (-)	-	-	-
Total	3.587.942	2.081.702	5.669.644

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
I. Explanations on Consolidated Equity (Continued):
Information on borrowing instruments to be included in the equity calculation:

Current Period (31.12.2021)	
Issuer/Loan supplier	Bank / Republic of Turkey Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Consolidated/ Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	834
Nominal value of instrument (TL million)	834
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, writedown trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
I. Explanations on Consolidated Equity (Continued):
Information on borrowing instruments to be included in the equity calculation (Continued):

(Prior Period 31.12.2020)	
Loan supplier	Bank / Republic of Turkey Ministry of Treasury and Finance
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Consolidated/ Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	513
Nominal value of instrument (TL million)	513
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	31.12.2018
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	-
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	-
Interest rate and related index value	-
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, writedown trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After borrowings, before the additional capital, same as Tier II Capital
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 8 of the Regulation on Equity of Banks.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
I. Explanations on Consolidated Equity (Continued):
Information on borrowing instruments to be included in the equity calculation (Continued):

(Current Period 31.12.2021)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Consolidated / Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	2.229
Nominal value of instrument (TL million)	2.229
Accounting classification of the instrument	Liabilities Subordinated Loan
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Starting maturity of the instrument	-
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	25.04.2024 (There is an early payment option after 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, writedown trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations on Consolidated Equity (Continued):

Information on borrowing instruments to be included in the equity calculation (Continued):

(Prior Period 31.12.2020)	
Issuer-Loan supplier	Bank / TWF
Identifier (CUSIP, ISIN etc.)	-
Governing law (s) of the instrument	BRSA
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and /or consolidated basis	Consolidated / Unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.371
Nominal value of instrument (TL million)	1.371
Accounting classification of the instrument	Liabilities
Original date of issuance	Subordinated Loan
Maturity structure of the instrument (perpetual/dated)	24.04.2019
Starting maturity of the instrument	Perpetual
Issuer call subject to prior supervisory (BRSA) approval	-
Call option dates, conditioned call dates and call amount	Yes
	25.04.2024
	(There is an early payment option after the 5th year)
Subsequent call dates, if applicable	-
Interest / dividend payments	
Fixed or floating coupon/dividend payments	Fixed Interest
Interest rate and related index value	5,08
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible into equity shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-down feature	
If bonds can be written-down, writedown trigger(s)	-
If bond can be written-down, full or partial	-
If bond can be written-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After senior creditors and Tier II Capital
	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
In compliance with article number 7 and 8 of Regulation on Bank Capital	Complies with the requirements of Article 7 of the Regulation on Equity of Banks.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk:

Credit risk defined as the probability of loss that the Parent Bank may incur as a result of the counterparty's failure to comply its contractual obligation partially or completely in time. The Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of the loans, taking into account the best practices, within the framework of the BRSA regulations.

The most basic banking service provided by the Parent Bank to finance medium and long-term investments, which is the core function of the Bank, is the "project evaluation-based lending activity". Considering the proportional size within the balance sheet structure, credit risk is the most important risk item of the Parent Bank.

The general principle of the risk policies to be monitored by the Parent Bank is to take risks that can be defined, controlled and / or managed in this sense and to strive not to take a risk other than the risks that are inevitable and arising due to the nature of its activities. Based on the basic principle of ensuring that the risks to be taken within this scope are defined and manageable risks, the Parent Bank's credit risk is subject to foreign exchange risk, depending on the sensitivity shown to the compliance of loan disbursements with loan source conditions, except for credit risk and counterparty risk, which are inevitable due to the lending requirement, there are only manageable risks depending on the sensitivity shown to ensure that loan disbursements are compatible with loan resource conditions.

Having a fully functioning mechanism based on activities, the Parent Bank's Credit Rating Committee is responsible for determining the procedures and principles of the Bank's credit, assessing the credit-participation risk and the position of the placements, evaluating the reports prepared for the credit bureau, to continuously monitor lending activities, including the reorganization of the terms of its receivables, to establish the procedures and principles of the Parent Bank's participation policies, and to make the necessary changes within the framework of general economic policies.

All loan placements of the Parent Bank are allocated in accordance with legal legislations and reports prepared by Financial Analysis and Valuation Department and Loan Allocation Department and with approvals of Credit Rating Committee and Board of Directors. Since the lending of the Parent Bank are in the form of project financing, the amount of loan that can be disbursed to a firm is basically determined during project assessment stage and disbursements are made in a controlled manner through monitoring of expenditures.

The financial data of the customers are regularly monitored until the collection and liquidation of the risk is completed with respect to the customers that are lent by the Parent Bank, and with deferred payment plan. For the customers whose income is above a certain limit or need to be re-evaluated, both the customer and its headquarters and the investment place are examined and detected. A Monitoring Report including recommendations developed as a result of the examinations and detections is being prepared. This implementation of the Parent Bank's problematic loan portfolio review is continuously performed.

Loan balances of borrowers and other receivables are regularly monitored in accordance with the relevant legislation, and in case of an increase in the risk level of the borrower's credit, the credit limits are monitored and additional collateral is taken if necessary.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Consolidated Credit Risk (Continued):

For loan allocations, sectors are defined in accordance with borrowing conditions. The sectoral distribution of the loan customers is monitored and those distributions are taken into account during lending decisions and goals.

Parent Bank ensures that credit risk is managed in accordance with the volume, nature and complexity of the loans, taking into account the best practices, within the framework of the BRSA regulations. The Parent Bank ensures that the credit risks of all products, not only loan products, and activities are defined, measured and managed, not limited to loan products only. The Board of Directors constantly reviews, develops and, if necessary, makes adjustments to the system to ensure that the loan decision support systems are in compliance with the structure, size and complexity of the Parent Bank's activities.

The Parent Bank is not subject to the general loan restrictions defined by the Article 54 of the Banking Law numbered 5411. However, in the Parent Bank's internal loan bylaws, the loan limits are determined mostly in parallel with the limitations set out in the Law. Loan monitoring department actively takes part in the measuring, analyzing and monitoring processes in order to determine credit risk level, and reports periodically to the Board of Directors, the Audit Committee and senior management.

Within the framework of the policies determined within the scope of BRSA Accounting and Financial Reporting Legislation;

The Parent Bank evaluates its financial assets in 3 stages within the scope of TFRS 9. In this context, the Parent Bank calculates the lifetime expected credit loss for the loans that have defaulted (Stage 3) and loans that have not yet defaulted but have significantly increased the credit risk at the date of disbursement (Stage 2). For other financial assets within the scope of TFRS 9 (Stage 1) the Parent Bank reflects the calculation including the probability of default within 12 months after the reporting date as the expected loss reserve.

In the Parent Bank forward and other derivative product transactions are carried out within the framework of asset-liability management taking into account legal limits. Credit risk assumed by such transactions is managed together with potential risks arising from market movements. There is no option contract in the Parent Bank.

The Parent Bank allocates provisions in accordance with TFRS 9 policy approved by the Board, "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside" and TFRS 9 Financial Instruments Standard.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Consolidated Credit Risk (Continued):

Risk Categories	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	Risk Amount ^(*)	Average Risk Amount	Risk Amount ^(*)	Average Risk Amount
Conditional and unconditional receivables to central governments or central banks	5.702.181	3.982.969	2.633.292	2.269.472
Conditional and unconditional receivables to banks and brokerage houses	20.590.504	14.161.935	9.727.979	7.707.286
Conditional and unconditional corporate receivables	29.997.386	19.212.233	14.309.076	11.441.545
Conditional and unconditional retail receivables	-	-	-	262.152
Conditional and unconditional receivables secured by real estate property	930.838	1.429.069	2.054.807	2.188.208
Overdue receivables	326.710	74.177	68.133	10.324
Receivables defined in high risk category by BRSA	-	199.555	144.124	125.278
Receivables as a collective investment establishment	245.599	20.467	-	-
Other receivables	229.469	203.157	135.669	170.018

^(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

Restructured loans whose amortization schedule has been changed are followed in the accounts which are specified by related regulations and monitored in accordance with the Parent Bank's credit risk policies. Accordingly, commercial activities of debtors are analyzed and repayments are monitored whether they are in line with the repayments schedules or not, and necessary precautions are taken.

Since the Parent Bank does not have any risks within the scope of private sector loans and trading accounts in banking accounts in other countries, cyclical capital buffer is not calculated.

- The Parent Bank's top 100 and 200 cash loan customers compose 89,89% and 98,37% of the total cash loan portfolio, respectively (31 December 2020: 89,87% and 98,15%).
- The Parent Bank's top 100 and 200 cash and non-cash loan customers compose 73,81% and 80,32 of the total on and off balance sheet assets, respectively (31 December 2020: 66,08% and 71,94%).
- The Parent Bank's top 100 and 200 non-cash loan customers compose 100% of the total non-cash loans (31 December 2020: 100%).

The Parent Bank allocated expected credit loss provision (Stage 1 and Stage 2) amounting to TL 259.942 (31 December 2020: TL 193.646).

In the calculation of the ratios mentioned above, the expected credit loss provisions are not taken into consideration.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Profile of Significant Risks in Major Regions

	Risk Categories (***)							
	Conditional and Unconditional Receivables to Central Governments or Central Banks	Conditional and Unconditional Receivables to Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage-Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category By The Board (****)	Collective Investment Institution Like Receivables (****)	Other Receivables
Current Period (31.12.2021)								
Domestic	5.702.181	18.136.810	29.997.386	930.838	326.710	-	213.743	-
European Union (EU) Countries	-	302	-	-	-	-	31.856	-
OECD Countries (*)	-	2.453.392	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	10.119
Unallocated Assets (**)	-	-	-	-	-	-	-	219.350
Total	5.702.181	20.590.504	29.997.386	930.838	326.710	-	245.599	229.469
Prior Period (31.12.2020)								
Domestic	2.633.292	9.573.255	14.309.076	2.054.807	68.133	24.399	-	-
European Union (EU) Countries	-	115	-	-	-	119.725	-	-
OECD Countries (*)	-	154.557	-	-	-	-	-	-
Off-Shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-	-	-
Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	20.543
Unallocated Assets (**)	-	-	-	-	-	-	-	116.807
Total	2.633.292	9.727.927	14.309.076	2.054.807	68.133	144.124	-	137.350

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

(**) Includes asset and liability items that cannot be allocated on a consistent basis.

(***) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

(****) Receivables in the nature of collective investment institutions were reported in the category of receivables defined under high-risk category by the Board before December 2021.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Risk profile by sectors or counterparties:

Current Period (31 December 2021)	Conditional and Unconditional Receivables to Central Governments or Central Banks	Conditional and Unconditional Receivables to Banks and Brokerage Houses	Conditional and Unconditional Corporate Receivables	Conditional and Non-Conditional Real Estate Mortgage- Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category by the Board	Collective Investment Institution Like Receivables ^(*)	Other Receivables	TL	FC	TOTAL
Agriculture	-	-	-	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	27.507.544	646.477	326.710	-	-	-	2.291.215	26.189.516	28.480.731
Mining and Quarrying	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	6.208.772	181.410	390	-	-	-	1.897.764	4.492.808	6.390.572
Electricity, Gas, Water	-	-	21.298.772	465.067	326.320	-	-	-	393.451	21.696.708	22.090.159
Construction	-	-	6.080	-	-	-	-	-	-	6.080	6.080
Services	5.702.181	20.590.504	2.483.762	284.361	-	-	245.599	229.459	6.891.076	22.644.790	29.535.866
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	5	1.511.841	256.684	-	-	-	-	520.498	1.248.032	1.768.530
Transportation and Telecommunication	-	-	43.316	-	-	-	-	-	43.316	-	43.316
Financial Institutions	5.702.181	20.590.499	730.244	-	-	-	245.599	229.459	6.300.833	21.197.149	27.497.982
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	69.560	27.677	-	-	-	-	26.429	70.808	97.237
Health and Social Services	-	-	128.801	-	-	-	-	-	-	128.801	128.801
Others	-	-	-	-	-	-	-	10	10	-	10
Total	5.702.181	20.590.504	29.997.386	930.838	326.710	-	245.599	229.469	9.182.301	48.840.386	58.022.687

^(*) Collective investment institution like receivables were reported in the category of receivables defined under high risk category by the Board, before December 2021.

There are no balances in the following classes.

2-Contingent and non-contingent receivables from regional or local governments

3-Contingent and non-contingent receivables from Administrative Units and Non-Commercial Enterprises

4-Contingent and non-contingent receivables from multilateral development banks

5-Contingent and non-contingent receivables from international organizations

6-Contingent and unconditional retail receivables

Receivables that are determined to be high risk by the Board in 11-2021 and receivables that are like collective investment institutions in 2020

12-Mortgage secured securities

13-Securitization positions

14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables

16-Equity Investments



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Risk profile by sectors or counterparties:

Prior Period (31 December 2020)	Conditional and unconditional receivables to central governments or central banks	Conditional and unconditional receivables to banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and Non- Conditional Real Estate Mortgage- Secured Receivables	Overdue Receivables	Receivables Defined Under High Risk Category by the Board	Collective Investment Institution Like Receivables	Other Receivables	TL	FC	TOTAL
Agriculture	-	-	-	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	12.613.148	1.804.414	66.234	-	-	-	765.566	13.718.230	14.483.796
Mining and Quarrying	-	-	101.758	-	-	-	-	-	-	101.758	101.758
Production	-	-	2.135.240	83.862	738	-	-	-	658.845	1.560.995	2.219.840
Electricity, Gas, Water	-	-	10.376.150	1.720.552	65.496	-	-	-	106.721	12.055.477	12.162.198
Construction	-	-	4.987	-	-	-	-	-	-	4.987	4.987
Services	2.633.292	9.727.927	1.556.819	250.393	1.899	144.124	-	136.965	4.352.155	10.099.264	14.451.419
Wholesale and Retail Trade	-	-	-	-	-	-	-	-	-	-	-
Accommodation and Dining	-	5	1.212.965	229.738	1.899	-	-	-	487.989	956.618	1.444.607
Transportation and Telecommunication	-	-	174.591	-	-	-	-	-	15.047	159.544	174.591
Financial Institutions	2.633.292	9.727.922	-	-	-	144.124	-	136.965	3.816.402	8.825.901	12.642.303
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-	-	-	-
Educational Services	-	-	73.401	20.655	-	-	-	-	32.668	61.388	94.056
Health and Social Services	-	-	95.862	-	-	-	-	-	49	95.813	95.862
Others	-	-	134.122	-	-	-	-	385	18.529	115.978	134.507
Total	2.633.292	9.727.927	14.309.076	2.054.807	68.133	144.124	-	137.350	5.136.250	23.938.459	29.074.709

There are no balances in the following classes.

2-Contingent and non-contingent receivables from regional or local governments

3-Contingent and non-contingent receivables from Administrative Units and Non-Commercial Enterprises

4-Contingent and non-contingent receivables from multilateral development banks

5-Contingent and non-contingent receivables from international organizations

8-Contingent and unconditional retail receivables

Receivables that are determined to be high risk by the Board in 11-2021 and receivables that are like collective investment institutions in 2020

12-Mortgage secured securities

13-Securitization positions

14-Short-term receivables from banks and intermediary institutions and short-term corporate receivables

16-Equity Investments



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations on Consolidated Credit Risk (Continued):

Analysis of Maturity-Bearing Risks According to Remaining Maturities

Risk Categories Current Period (31.12.2021)	Term to Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Conditional and unconditional receivables to central governments or central banks	32.122	286.775	-	399.032	4.952.976
Conditional and unconditional receivables to banks and brokerage houses	6.975.789	174.122	593.537	293.135	8.153.186
Conditional and unconditional corporate receivables	508.136	1.197.522	1.784.770	3.569.540	28.728.485
Conditional and unconditional retail receivables	-	-	-	-	-
Conditional and unconditional receivables secured by real estate property	13.978	32.942	49.096	98.192	736.631
Total	7.530.025	1.691.361	2.427.403	4.359.899	42.571.278

Risk Categories Prior Period (31.12.2020)	Term to Maturity				
	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Conditional and unconditional receivables to central governments or central banks	25.318	42.880	273.895	164.282	2.105.766
Conditional and unconditional receivables to banks and brokerage houses	5.092.465	-	54.670	57.837	4.475.851
Conditional and unconditional corporate receivables	291.693	539.291	1.076.379	2.169.669	18.670.071
Conditional and unconditional retail receivables	-	-	-	-	-
Conditional and unconditional receivables secured by real estate property	27.135	50.169	100.133	200.266	1.677.105
Others	74	66	83	158	-
Total	5.436.685	632.406	1.505.160	2.592.212	26.928.793

Information on Risk Categories

For the determination of risk weights for risk classes defined in the Article 6 of the “Regulation on Measurement and Assessment of Capital Adequacy of Banks”, all counter parties are treated as non-rated since no rating agency is authorized by the Bank.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Consolidated Credit Risk (Continued):
Credit Risk by Risk Weights - Standard Approach (*)

Current Period (31.12.2021)											Other Risk Weights	Deductions from Equity
Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%		
Before Credit Risk Mitigation	1.863.104	-	4.641.144	-	-	1.196.912	-	50.272.337	49.019	-	-	21.875
After Credit Risk Mitigation	1.863.105	-	4.641.144	-	-	1.358.179	-	50.111.240	49.019	-	-	-

(*) Excluding counterparty credit risk and securitization positions

Prior Period (31.12.2020)											Deductions from Equity
Risk Weights	0%	2%	10%	20%	50%	75%	100%	150%	250%		
Before Credit Risk Mitigation	2.590.844	-	-	1.466.623	1.982.913	-	22.888.577	144.124	-	-	17.744
After Credit Risk Mitigation	2.590.844	-	-	1.466.623	2.142.437	-	22.729.053	144.124	-	-	-

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Consolidated Credit Risk (Continued):
Information by Major Sectors or Type of Counterparties:

The Parent Bank classifies its loans under the TFRS 9 Policy approved by the Board of Directors and allocates provisions. In this context, the Parent Bank calculates and reflects the lifetime expected credit loss to the relevant loans when they have not fallen into default yet, but there is a significant increase in the credit risk at the date of credit's issuance (Stage 2) and in default (Stage 3).

In the TFRS 9 Provisions Methodology document approved by the Board of Directors, the Bank has determined the criterias of "Significant Increase in Credit Risk" and "Classification", loans are classified and provisioned according to these criterias.

Current Period (31.12.2021) Major Sectors / Counter Parties	Credits		Provisions
	Impaired Loans (TFRS 9)		Expected Credit Loss Provisions (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Agriculture	-	-	-
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	1.703.537	791.666	543.877
Mining and Quarrying	-	-	-
Production	256.847	17.043	16.929
Electricity, Gas and Water	1.446.690	774.623	526.948
Construction	-	-	-
Services	579.813	62.350	65.449
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	268.017	55.615	57.494
Transportation and Telecommunication	191.232	-	978
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	30.592	-	36
Health and Social Services	89.972	6.735	6.941
Others	7.364	1.134	1.141
Total	2.290.714	855.150	610.467


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
II. Explanations on Consolidated Credit Risk (Continued):

Prior Period (31.12.2020) Major Sectors / Counter Parties	Credits		Provisions
	Impaired Loans (IFRS 9)		Expected Credit Loss Provisions (IFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Agriculture	-	-	-
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Manufacturing	901.610	148.678	140.272
Mining and Quarrying	-	-	-
Production	-	24.470	23.731
Electricity, Gas and Water	901.610	124.208	116.541
Construction	-	-	-
Services	397.949	68.727	70.508
Wholesale and Retail Trade	-	-	-
Accommodation and Dining	188.527	62.073	61.362
Transportation and Telecommunication	129.245	-	2.093
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	-	-	-
Educational Services	24.862	-	173
Health and Social Services	55.315	6.654	6.880
Others	-	1.106	1.106
Total	1.299.559	218.511	211.886

Information on Movements in Value Adjustments and Provisions:

Current Period (31.12.2021)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	150.380	391.753	(13.693)	-	528.440
2. Stage 1 and 2 Provisions	215.611	299.605	(224.029)	-	291.187

Prior Period (31.12.2020)	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1. Stage 3 Provisions	118.280	63.747	(31.647)	-	150.380
2. Stage 1 and 2 Provisions	115.289	102.593	(2.271)	-	215.611

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
III. Explanations on Consolidated Currency Risk:

The Parent Bank is exposed to currency risk because of inconsistency of the foreign currency denominated asset and liability balances with respect to the transactions made in foreign currencies.

The currency risk management policy of the Parent Bank is defined as keeping the "Foreign Currency Net General Position / Equity Standard" ratio within the legal boundaries with respect to the economic matters, trends in the market and financial position of the Parent Bank. By keeping up with this main goal and with respect to asset and liability management, foreign currency denominated assets are appreciated with the most favorable interest rates in the foreign currency market.

Currency risk is calculated within the scope of the standard method used for legal reporting.

Besides, the exchange rate risk faced by the Parent Bank daily is determined by preparing the foreign currency balance sheet by covering individual positions. Proforma foreign currency balance sheets are used for the measurement of the future exchange rate risks (including foreign currency-indexed assets and liabilities).

The Parent Bank has no hedging derivative instruments for foreign currency denominated borrowings and net foreign currency investments.

A non-speculative foreign exchange position management policy is followed in order to limit the exposure of the currency risk. In this respect, distribution of foreign currency denominated on balance sheet and off balance sheet items are considered.

In order to reduce the risk of foreign exchange rate fluctuations affecting the financial structure of the bank, the risk of foreign exchange rate of the Parent Bank is determined based on the Foreign Currency Net General Position / Equity ratio determined by the BRSA, which is 20%.

The foreign exchange buying rates of the Parent Bank as of the date of the financial statements and the last five business days prior to that date are as follows:

Date	USD	EURO	100 JPY
31/12/2021	13,1387	14,8572	11,4240
30/12/2021	12,2402	13,8510	10,6511
29/12/2021	11,6289	13,1453	10,1368
28/12/2021	11,4071	12,9208	9,9538
27/12/2021	11,2017	12,6758	9,8020

The simple arithmetic average of the last thirty day rates as of 31 December 2021; USD: TL 13,255916, EURO: TL 14,984500, 100 JPY: TL 11,669471.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations on Consolidated Currency Risk (Continued):

Information on the currency risk of the Parent Bank:

Current Period (31.12.2021)	EURO	USD	Other FC ^(*)	Total
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	253.271	74.184	1.124	328.579
Financial assets measured at fair value through profit and loss	213.743	-	-	213.743
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	1.177.836	1.768.759	-	2.946.595
Loans	11.791.996	22.452.043	-	34.244.039
Subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Financial assets measured at amortised cost	2.848.402	-	-	2.848.402
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets	13.488	56.023	-	69.511
Total assets	16.298.736	24.351.009	1.124	40.650.869
Liabilities				
Interbank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	13.651.233	22.680.925	-	36.332.158
Marketable securities issued	-	-	-	-
Sundry creditors	3.350.857	-	-	3.350.857
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	123.594	380.919	-	504.513
Total liabilities	17.125.684	23.061.844	-	40.187.528
Net balance sheet position	(826.948)	1.289.165	1.124	463.341
Net off-balance sheet position	846.860	(1.289.857)	-	(442.997)
Assets on derivative instruments	846.860	-	-	846.860
Liabilities on derivative instruments	-	(1.289.857)	-	(1.289.857)
Non-cash loans	1.017.718	1.234.957	-	2.252.675

Prior Period (31.12.2020)				
Total assets	11.017.494	12.215.732	610	23.233.836
Total liabilities	11.004.611	12.224.768	-	23.229.379
Net balance sheet position	12.883	(9.036)	610	4.457
Net off-balance sheet position	(6.399)	6.396	-	(3)
Assets on derivative instruments	2.742	16.582	-	19.324
Liabilities on derivative instruments	(9.141)	(10.186)	-	(19.327)
Non-cash loans	675.830	-	-	675.830

(*) The foreign currencies presented in the other FC column of assets comprise; 24% GBP, 47% CHF and 29% JPY.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations on Consolidated Currency Risk (Continued):

Consolidated Currency Risk Sensitivity:

The following table shows the sensitivity of the Parent Bank with 10% change in USD and EURO currencies.

	Increase in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (31.12.2021)	Prior Period (31.12.2020)	Current Period (31.12.2021)	Prior Period (31.12.2020)
USD	10	1.734	(1.019)	176.876	14.893
EURO	10	3.518	363	117.784	24.159
Other	10	112	61	-	-

	Decrease in Exchange Rates	Effect on Profit/Loss (*)		Effect on Shareholders' Equity	
	%	Current Period (31.12.2021)	Prior Period (31.12.2020)	Current Period (31.12.2021)	Prior Period (31.12.2020)
USD	10	(1.734)	2.298	(176.876)	(14.893)
EURO	10	(3.518)	(1.643)	(117.784)	(24.159)
Other	10	(112)	(61)	-	-

(*) Indicates the values before tax.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on Consolidated Interest Rate Risk:

The interest rate risk indicates the probability of loss that the Parent Bank may incur due to the position of the financial instruments due to movements in the interest rates. Changes in interest rates affect the return on the assets and the cost of the liabilities. Interest rate risk arising from banking accounts, includes re-pricing risk, yield curve risk, base risk and option risk.

The interest rates determined by the market actors, especially the central banks, have a decisive role on the economic value of the Parent Bank's balance sheet and on the Parent Bank's income-loss balance. Sudden interest shocks in the market because the Parent Bank to open the gap between the applied interest rate of the revenue generating assets and the interest paid on the liabilities. The opening of this gap may cause the Parent Bank interest income to be adversely affected by fluctuations in market interest rates and may cause decrease in profitability of the Parent Bank.

The Parent Bank's basic principle in the interest rate risk management policy is to avoid mismatch and provide alignment between loans disbursed with fixed and floating rate and funds provided with fixed and floating rate. Accordingly, interest rate, currency and maturity alignment are respected during the disbursement of loans funded by foreign long-term borrowings, which form the material part of the loan portfolio. Almost the entire loan portfolio is financed by floating rate borrowings, thus interest rate risk from changes in interest rates seems not probable for the loan portfolio because of the correlation provided between the sources and the uses and other loans in the portfolio are financed by the equity of the Bank.

Within the framework of the Parent Bank's basic principle of interest rate risk policy, optimization of portfolio distribution in the management of interest-sensitive assets other than loans is provided by considering possible changes in duration of positions and current interest rate limits; by taking into account alternative return, limits of tolerable loss and risk. In this context, to measure the interest rate risk exposure of the Parent Bank, the effect of days to maturity and profit/loss are analyzed considering the scenarios of possible changes in interest rates for securities portfolio. Alternatives for compensation of probable losses that may arise as a result of fluctuations in interest rates are examined using different markets. Interest rate sensitivity analysis is also made for the positions besides securities portfolio.

There is no interest rate mismatch on loan portfolio as the main principle of interest rate adjustment on the source and disbursement side of the loan portfolio of the Parent Bank. For this reason, the Parent Bank's credit portfolio does not carry any interest rate risk even if it is affected by market volatility. Interest rate-sensitive items on the Parent Bank's balance sheet are limited only to the size of the Financial Assets Measured at Fair Value Through Other Comprehensive Income within the liquid portfolio.

In order to minimize the possibility of unfavorable effects of market interest rate changes on the Parent Bank's financial position, risk limits are used for the management of interest rate risk. These limits are set by Asset-Liability Committee and approved by Board of Directors. The Parent Bank monitors and controls whether interest-sensitive assets are within the determined limits.

In order to minimize the likelihood that the change in market interest rates in the bank's securities portfolio management will cause adverse effects on the financial structure of the bank, limits have been set on the adjusted duration of the securities portfolio and the amount of daily loss that may arise from the securities portfolio.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations on Consolidated Interest Rate Risk (Continued):

Based on the statutory 20% rate of "The Ratio of Interest Rate Risk Due To Banking Book" determined by the BRSA to the measurement and evaluation of the interest rate risk by using standard shock method, arising from the on-balance sheet and off-balance sheet positions in the banking book within the scope of the interest rate limits of the Parent Bank, is determined with a more conservative approach.

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

End of the Current Period (31.12.2021)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	-	-	2.050	2.050
Banks ⁽¹⁾	3.240.649	-	-	-	-	32.453	3.273.102
Financial assets measured at fair value through profit and loss	-	-	-	-	-	220.867	220.867
Money market placements	992.465	-	-	-	-	-	992.465
Financial assets measured at fair value through other comprehensive income ⁽³⁾	32.122	460.897	1.520.530	1.825.716	76.956	16.478	3.932.699
Loans ⁽²⁾	15.880.496	5.400.291	4.561.834	4.364.753	6.160.752	326.711	36.694.837
Financial assets measured at amortised cost	-	-	-	2.935.638	75.399	-	3.011.037
Other assets ⁽⁴⁾	365	-	-	-	-	251.308	251.673
Total Assets ⁽⁵⁾	20.146.097	5.861.188	6.082.364	9.126.107	6.313.107	849.867	48.378.730
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	629.707	-	-	-	-	-	629.707
Sundry creditors	-	-	-	-	-	210.813	210.813
Marketable securities issued	51.882	-	-	-	-	-	51.882
Funds provided from other financial institutions	5.673.240	8.665.090	9.775.573	7.660.137	6.902.490	-	38.676.530
Other liabilities ⁽⁴⁾	516.400	-	-	-	-	8.293.398	8.809.798
Total liabilities	6.871.229	8.665.090	9.775.573	7.660.137	6.902.490	8.504.211	48.378.730
Long position on balance sheet	13.274.868	-	-	1.465.970	-	-	14.740.838
Short position on balance sheet	-	(2.803.902)	(3.693.209)	-	(589.383)	(7.654.344)	(14.740.838)
Long position on off-balance sheet	-	-	-	-	-	-	-
Short position on off-balance sheet	-	-	-	-	-	-	-
Total position	13.274.868	(2.803.902)	(3.693.209)	1.465.970	(589.383)	(7.654.344)	-

⁽¹⁾ Balances without maturity are shown in "Non-interest Bearing" column.

⁽²⁾ Net balance of non-performing loans and receivables are shown in "Non-interest Bearing" column.

⁽³⁾ Securities representing share in capital are shown in "Non-interest Bearing" column.

⁽⁴⁾ Deferred tax asset, shareholders' equity, subordinated debt instruments and other non-interest bearing assets and liabilities are shown in "Non-interest Bearing" column.

⁽⁵⁾ The expected credit losses for financial assets and other assets are reflected to the related items.


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SECTION FOUR (Continued)
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IV. Explanations on Consolidated Interest Rate Risk (Continued):

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on days to repricing dates):

End of the Prior Period (31.12.2020)	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey ⁽¹⁾	-	-	-	-	-	1.174	1.174
Banks ⁽¹⁾	3.529.984	-	-	-	-	25.653	3.555.637
Financial assets measured at fair value through profit and loss	-	-	-	-	-	119.725	119.725
Money market placements	1.499.794	-	-	-	-	-	1.499.794
Financial assets measured at fair value through other comprehensive income ⁽³⁾	227.050	24.484	479.843	219.175	-	14.990	965.542
Loans ⁽²⁾	6.068.382	2.494.574	3.017.288	2.445.703	5.964.619	68.132	20.058.698
Financial assets measured at amortised cost	-	2.051	-	1.704.025	10.184	-	1.716.260
Other assets ^{(4) (5)}	43	-	-	-	-	154.865	154.908
Total Assets⁽⁶⁾	11.325.253	2.521.109	3.497.131	4.368.903	5.974.803	384.539	28.071.738
Liabilities							
Interbank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money market borrowings	203.850	-	-	-	-	-	203.850
Sundry creditors	-	-	-	-	-	125.854	125.854
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	4.471.546	3.974.662	6.690.060	3.846.572	2.861.077	-	21.843.917
Other liabilities ⁽⁴⁾	83.369	-	-	-	-	5.814.748	5.898.117
Total liabilities	4.758.765	3.974.662	6.690.060	3.846.572	2.861.077	5.940.602	28.071.738
Long position on balance sheet	6.566.488	-	-	522.331	3.113.726	-	10.202.545
Short position on balance sheet	-	(1.453.553)	(3.192.929)	-	-	(5.556.063)	(10.202.545)
Long position on off-balance sheet	-	-	-	-	-	-	-
Short position on off-balance sheet	-	-	-	-	-	-	-
Total position	6.566.488	(1.453.553)	(3.192.929)	522.331	3.113.726	(5.556.063)	-

⁽¹⁾ Balances without maturity are shown in "Non-interest Bearing" column.

⁽²⁾ Net balance of non-performing loans and receivables are shown in "Non-interest Bearing" column.

⁽³⁾ Securities representing share in capital are shown in "Non-interest Bearing" column.

⁽⁴⁾ Deferred tax asset, shareholders' equity, subordinated debt instruments and other non-interest-bearing assets and liabilities are shown in "Non-Interest Bearing" column.

⁽⁵⁾ Lease receivables (TL 30) are shown in other assets.

⁽⁶⁾ The expected credit losses for financial assets and other assets are reflected to the related items.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
IV. Explanations on Consolidated Interest Rate Risk (Continued):

Average interest rates applied to monetary financial instruments (%):

End of the Current Period (31.12.2021)	EURO	USD	JPY	TRY
Assets (*)				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	1,03	0,10	-	20,61
Financial assets measured at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	14,50
Financial assets measured at fair value through other comprehensive income	3,02	3,27	-	11,77
Loans	3,17	4,20	-	15,30
Financial assets measured at amortised cost	5,10	-	-	4,88
Liabilities (*)				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	14,54
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds accepted by development and investment banks	-	0,16	-	11,00
Funds provided from other financial institutions	1,37	2,09	-	13,76

^(*) Ratios shown in the table are calculated by using annual interest rates.

End of the Prior Period (31.12.2020)	EURO	USD	JPY	TRY
Assets (*)				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	1,61	1,17	-	18,04
Financial assets at fair value through profit and loss	-	-	-	-
Money market placements	-	-	-	17,98
Financial assets measured at fair value through other comprehensive income	2,82	7,31	-	13,66
Loans	3,17	4,21	-	12,98
Other financial assets measured at amortized cost	5,16	-	-	3,61
Liabilities (*)				
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Money market borrowings	-	-	-	17,44
Sundry creditors	-	-	-	-
Marketable securities issued	-	-	-	-
Funds accepted by development and investment banks	-	0,20	-	12,00
Funds provided from other financial institutions	1,32	2,25	-	9,30

^(*) Ratios shown in the table are calculated by using annual interest rates.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
V. Explanations on Position Risk of Consolidated Equity Securities:

None.

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio:
1. Liquidity risk management

The Parent Bank's liquidity management is managed by Treasury Department in coordination with related departments and the strategies constituted by Asset Liability Committee as part of "Risk Management Strategies, Policies and Application Principles" that is approved by the Board of Directors. The liquidity risk management as per the implementation principles are stated as follows:

Liquidity risk refers to the probability that the Parent Bank will incur the consequential loss that it cannot anticipate or face unforeseeable, all cash flow requirements without affecting the day-to-day operations or financial structure.

Liquidity risk also represents the possibility of loss due to Bank's inability of settling with market prices since the lack of depth and excessive fluctuations in the market.

The main policy of Liquidity Risk Management in the Parent Bank is to provide quality asset structure in which any liabilities can be fulfilled. Since the Parent Bank is specialized, its liquidity need is more predictable as compared to commercial banks, and ensures cash flows provided for its liabilities more regularly.

The type, maturity structure and compliance of interest rates with assets and liabilities in the balance sheet, is assured within the framework of the Asset Liability Management Committee's decisions. The Parent Bank keeps liquidity ratios within risk limits as set out in legal legislation and follows regularly.

In order to manage liquidity risk, proforma cash flows are set on the basis of predictable data by evaluating the maturities of asset and liability structure. Proper placement of liquidity excess considering alternative gains and meeting liquidity needs with the most appropriate cost of funding is essential.

Additionally, monthly proforma cash flows and balance sheet durations regarding the fulfilment level of medium and long term liabilities are traced in order to determine early factors that generate risk.

Mainly for risk measurement and monitoring activities to determine the level of liquidity risk;

The liquidity risk of the Parent Bank is calculated by using "Liquidity Analysis Forms" in accordance with the format determined by the BRSA and reported to the BRSA on a weekly and daily basis.

Limits on liquidity risk are determined under; the legal limitations set out by the BRSA and the "Liquidity Emergency Plan Directive of the Bank". The Bank's "Liquidity Emergency Plan Directive" came into force with the decision of the Board of Directors dated 27 October 2016 and numbered 2016-20-10 / 180. Situations that require the implementation of the Liquidity Emergency Plan are followed by indicators derived from bank-specific (internal) and financial market developments. The Liquidity Emergency Plan includes actions to ensure that the Parent Bank fulfills its obligations at its current level and to maintain liquidity at the level required by the Parent Bank or to achieve liquidity at acceptable costs and to provide the necessary liquidity with the objective of protecting the Parent Bank's reputation.

In the liquidity risk management of the Parent Bank, the limitations within the scope of the relevant regulations of the BRSA and the internal risk limits determined within the framework of the Parent Bank's "Risk Management Strategies, Policies and Implementation Principles" and general market conditions are determinants. Therefore, units active in liquidity risk management, especially the Treasury Unit, act within these limitations.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):
1. Consolidated liquidity risk management (Continued):

First limitation on legal requirements set by the BRSA is; as per the regulation on "Calculation of Liquidity Coverage Ratio", minimum limits of 100% and 80% are assigned on consolidated and unconsolidated basis respectively for total and foreign currency limits. On the other hand investment and development banks are exempt from those limitations until BRSA has determined otherwise.

The Parent Bank's internal reporting within the scope of liquidity risk management consists of daily, weekly and monthly reports. Daily balance sheets and duration calculations are followed in daily basis report. On weekly reports, liquidity limits are monitored. Weekly realized liquidity limits determined by Board of Directors is aggregated in monthly risk limits monitoring report. Those reports investigate legal risks and adaption of early warning limits. Also, to monitor liquidity risk in "TKB Riskiness Analysis According to Selected Indicators and Risk Groups" report prepared monthly includes;

- Proforma Cash Flows Statement,
- Proforma Currency Balance Sheet,
- Duration of Balance Sheet Items, -in detail- Marketable Securities (by class of financial instruments),
- Summary of liquidity forms sent to BRSA

with proforma cash flows statement amount of future liquid assets are shown in different scenarios for one year period.

Related report is presented to the Board of Directors; the Audit Committee and senior management on a monthly basis. By taking into consideration these reports, the Asset Liability Committee and Audit Committee evaluate the liquidity position of the Parent Bank, and results of liquidity measurement system are included in the decision making process.

Regarding the liquidity risk, as well as legal limits, internal limits have been determined in accordance with its own internal procedures, mission and risk appetite, as included in the Parent Bank's risk policies. These limits have been determined by the Board of Directors in excess of legal limits, including early warning limits, and are revised annually.

2. Consolidated liquidity coverage ratio

The Parent Bank's liquidity coverage rates are prepared weekly in accordance with the "Regulation on Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948 and reported to the BRSA. Including the reporting period for the last 3 months minimum and maximum levels of unconsolidated foreign currency and total liquidity coverage ratios are shown below by specified weeks:

	Liquidity Coverage Ratio (Weekly Consolidated)			
	FC	Date	FC+TL	Date
Current Period (31.12.2021)				
Maximum (%)	111,02	23.11.2021	190,09	23.11.2021
Minimum (%)	34,51	30.12.2021	117,90	30.12.2021


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):
2. Consolidated liquidity coverage ratio (Continued):

	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
Current Period (31.12.2021)				
HIGH-QUALITY LIQUID ASSETS			1.869.802	839.414
Total high-quality liquid assets (HQLA)	-	-	1.869.802	839.414
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	670.193	506.562	478.109	341.697
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	670.193	506.562	478.109	341.697
Secured wholesale funding			-	-
Other cash outflows	1.771.629	1.704.549	1.771.629	1.704.549
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.771.629	1.704.549	1.771.629	1.704.549
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	7.937.803	3.210.256	396.890	160.513
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS			2.646.628	2.206.759
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	4.078.383	2.102.203	4.174.950	1.991.297
Other cash inflows	1.702.598	266.129	1.702.598	266.129
TOTAL CASH INFLOWS	5.780.981	2.368.332	5.877.548	2.257.426
			Total Adjusted Value	
TOTAL HIGH QUALITY LIQUID ASSETS			1.869.802	839.414
TOTAL NET CASH OUTFLOWS			1.191.304	1.201.486
LIQUIDITY COVERAGE RATIO (%)			156,95	69,86

(*) The average of last three months' liquidity coverage ratios calculated by weekly simple averages.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):
2. Consolidated Liquidity coverage ratio (Continued):

	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
Prior Period (31.12.2020)				
HIGH-QUALITY LIQUID ASSETS			3.049.208	355.436
Total high-quality liquid assets (HQLA)	-	-	3.049.208	355.436
CASH OUTFLOWS				
Retail and small business customers deposits	-	-	-	-
Stable deposits	-	-	-	-
Less stable deposits	-	-	-	-
Unsecured funding other than retail and small business customers deposits	575.955	349.552	459.863	248.379
Operational deposits	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured funding	575.955	349.552	459.863	248.379
Secured wholesale funding			-	-
Other cash outflows	205.438	157.381	205.438	157.381
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	205.438	157.381	205.438	157.381
Debts related to structured financial products	-	-	-	-
Payment commitments related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time and other contractual commitments	6.692.040	4.215.726	334.602	210.786
Other irrevocable or conditionally revocable commitments	-	-	-	-
TOTAL CASH OUTFLOWS			999.903	616.546
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured receivables	2.175.456	1.170.064	2.073.827	1.069.995
Other cash inflows	205.314	130.643	205.314	130.643
TOTAL CASH INFLOWS	2.380.770	1.300.707	2.279.141	1.200.638
			Total Adjusted Value	
TOTAL HIGH QUALITY LIQUID ASSETS			3.049.208	355.436
TOTAL NET CASH OUTFLOWS			474.745	340.989
LIQUIDITY COVERAGE RATIO (%)			642,28	104,24

(*) The average of last three months' liquidity coverage ratios calculated by weekly simple averages.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued):
3. Explanations consolidated liquidity coverage ratio

Significant factors that impact the result of consolidated liquidity coverage ratio and change of the items in time that are taken into account in calculation of this ratio

The significant factors that impact liquidity coverage ratio are net cash outflows and high quality assets stock. Items in the calculation of the ratio in consideration may be changed in time because of economic structure and decisions of the Bank on fund management.

The explanation about elements of the high quality liquid assets

High quality liquid assets mostly consist of domestic government bonds, and Eurobonds.

Content of funds and their composition

The main funding source of the Parent Bank is loans attained from domestic and international financial institutions. The share of these resources in all funds is approximately 87,2%. 3,5% of the Bank's total funding consists of funds, 7,7% consists of subordinated debt instruments and 1,5% is provided from money markets.

Cash outflows generating from derivative transactions and information about which transactions are subject to collateral margin

The Parent Bank's derivative transactions are predominantly currency swap purchase-sale transactions. Income and expense figures related to derivative transactions made within the year are accounted in profit / loss from derivative financial transactions. There are no transactions that are likely to complete collateral.

Counterparty and product-based funding sources and concentration limits on collateral

The fund sources of the Parent Bank, whose field of activity is development banking, are generally international development banks and financial institutions; there is no concentration limit on the other party and product basis.

The operational and legal factors that hinder consolidated liquidity transfer which is needed by the bank itself, its foreign branch and its consolidated subsidiary, and respective liquidity risk.

None.

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INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):
4. Maturity analysis of assets and liabilities according to remaining maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ⁽¹⁾	Total
Current Period (31.12.2021)								
Assets								
Cash (Cash on hand, Money in Transit, Purchased Cheques and Balances with Central Bank)	2.050	-	-	-	-	-	-	2.050
Banks	32.453	3.240.649	-	-	-	-	-	3.273.102
Financial Assets at Fair Value through Profit/Loss	220.867	-	-	-	-	-	-	220.867
Interbank Money Market Placements	-	992.465	-	-	-	-	-	992.465
Financial Assets Measured at Fair Value Through Other Comprehensive Income	16.478	32.136	463.924	1.334.251	1.829.438	256.472	-	3.932.699
Loans ⁽²⁾	-	426.317	1.004.699	4.544.269	22.653.897	7.738.944	326.711	36.694.837
Financial Assets Measured at Amortised Cost	-	-	36.368	9.983	2.890.879	73.807	-	3.011.037
Other Assets ⁽²⁾	-	365	-	-	-	-	251.308	251.673
Total Assets⁽³⁾	271.848	4.691.932	1.504.991	5.888.503	27.374.214	8.069.223	578.019	48.378.730
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	1.745.789	683.335	3.000.160	19.233.107	14.014.139	-	38.676.530
Interbank Money Market Takings	-	629.707	-	-	-	-	-	629.707
Securities Issued	-	51.882	-	-	-	-	-	51.882
Miscellaneous Payables	210.813	-	-	-	-	-	-	210.813
Other Liabilities ⁽²⁾	246.799	421.976	15.045	-	-	-	8.125.978	8.809.798
Total Liabilities	457.612	2.849.354	698.380	3.000.160	19.233.107	14.014.139	8.125.978	48.378.730
Liquidity Gap	(185.764)	1.842.578	806.611	2.888.343	8.141.107	(5.944.916)	(7.547.959)	-
Net Off-Balance Position	-	(25.425)	-	-	-	-	-	(25.425)
Derivative Financial Assets	-	1.264.432	-	-	-	-	-	1.264.432
Derivative Financial Liabilities	-	1.289.857	-	-	-	-	-	1.289.857
Non-Cash Loans	53.119	54.972	-	53	-	2.197.703	-	2.305.847
Prior Period (31.12.2020)								
Total Assets	161.543	5.259.329	420.322	2.810.557	14.098.588	5.098.401	222.998	28.071.738
Total Liabilities	206.492	658.320	372.646	1.656.992	12.034.620	7.453.292	5.689.376	28.071.738
Liquidity Gap	(44.949)	4.601.009	47.676	1.153.565	2.063.968	(2.354.891)	(5.466.378)	-
Net Off-Balance Position	-	35	-	-	-	-	-	35
Derivative Financial Assets	-	26.748	-	-	-	-	-	26.748
Derivative Financial Liabilities	-	26.713	-	-	-	-	-	26.713
Non-Cash Loans	93.842	-	-	45.155	53.248	538.411	-	730.656

⁽¹⁾ Assets, such as fixed assets, associates, subsidiaries, property value, prepaid expenses and net non performing receivables, other asset accounts that would not be converted to cash in a short time period and needed to be used in the banking activities; liabilities and equity accounts, such as the accounts with no maturities and provisions, are shown in the undistributed column. Deferred tax asset is included in the undistributed column.

⁽²⁾ The expected credit losses for financial assets and other assets are reflected in the related items.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations on Consolidated Liquidity Risk Management and Liquidity Coverage Ratio (Continued):

Remaining maturity of contractual financial liabilities:

In compliance with the TFRS 7, the following table indicates the maturities of the Group's major non-derivative financial liabilities. The following tables have been prepared by referencing the earliest dates of payments without discounting the liabilities. The interest to be paid to the related liabilities is included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The balances of the related liabilities in balance sheet do not include these amounts.

Current Period (31.12.2021)	Book Value	Principal Nominal Output	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Liabilities							
Funds provided from other financial institutions	38.728.412	42.564.954	1.187.623	754.303	3.581.284	21.584.693	15.457.051
Money market borrowings	629.707	629.707	629.707	-	-	-	-
Total	39.358.119	43.194.661	1.817.330	754.303	3.581.284	21.584.693	15.457.051

Prior Period (31.12.2020)	Book Value	Principal Nominal Output	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over
Liabilities							
Funds provided from other financial institutions	21.843.917	25.817.383	162.337	372.415	15.120.725	1.919.445	8.242.461
Money market borrowings	205.378	205.378	205.378	-	-	-	-
Total	22.049.295	26.022.761	367.715	372.415	15.120.725	1.919.445	8.242.461

The following table shows non-cash loans according to remaining maturities.

Current Period (31.12.2021)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	-	54.972	-	-	-	-	54.972
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	53.119	-	-	53	-	1.869.236	1.922.408
Acceptances	-	-	-	-	-	-	-
Other	-	-	-	-	-	328.467	328.467
Total	53.119	54.972	-	53	-	2.197.703	2.305.847

Prior Period (31.12.2020)	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Letters of Credit	-	-	-	33.822	-	-	33.822
Endorsements	-	-	-	-	-	-	-
Letters of Guarantee	54.773	-	-	103.597	53	538.411	696.834
Acceptances	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	54.773	-	-	137.419	53	538.411	730.656

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations on Consolidated Leverage Ratio:

In the current period, in Tier 1 capital was higher than the rate of increase in total risk amount. As of 31 December 2021, the Bank's leverage ratio calculated from the average of three months is 11,77% (31 December 2020: 15,29%). The reason why the leverage ratio of the current period is lower than the leverage ratio of the previous period is that the total risk amount related to on-balance sheet assets has increased at a higher rate than the amount of Tier 1 capital.

Summary comparison table of total asset amount and total risk amount in consolidated financial statements prepared in accordance with TAS:

	Current Period ⁽¹⁾⁽²⁾ (31.12.2021)	Prior Period ⁽¹⁾⁽³⁾ (31.12.2020)
1 The total amount of assets included in the consolidated financial statements issued in accordance with TAS	43.460.959	27.225.257
2 The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	(127.658)	221.398
3 The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	7.606.402	122.118
4 The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts	(366.459)	(105.017)
5 The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	(6.390.186)	(6.906.300)
6 Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	40.234.115	21.645.966
7 Total risk amount	53.864.244	28.779.401

(1) The amounts in the table show the averages of the last three months of the relevant period.

(2) The current period amount of the consolidated financial statements prepared under the 6th paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks has been prepared by using the reviewed financial statements of non-financial corporations dated 30 June 2021.

(3) The prior period amount of the consolidated financial statements prepared under the 6th paragraph of Article 5 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks has been prepared by using the reviewed financial statements of non-financial corporations dated 31 December 2020.

On-balance sheet assets (*)	Current Period (31.12.2021)	Prior Period (31.12.2020)
Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	43.798.383	27.093.675
(Assets deducted in determining Tier 1 capital)	-	-
Total balance sheet exposures	43.798.383	27.093.675
Derivative financial instruments and loan derivatives		
Replacement cost of derivative financial instruments and loan derivatives	-	-
Potential loan risk of derivative financial instruments and loan derivatives	7.606.402	122.118
Total derivative financial instruments and loan derivatives exposure	7.606.402	122.118
Securities financing transaction exposure		
Risk amount of financing transactions secured by marketable security or commodity (excluding on-balance sheet)	38.245	84
Risks from brokerage activities related exposures	-	-
Total risk amount of financing transactions secured by marketable security or commodity	38.245	84
Off-balance sheet items		
Gross notional amounts of off-balance sheet items	8.811.400	8.469.824
(Adjustments for conversion to credit equivalent amounts)	(6.390.186)	(6.906.300)
Total risks of off-balance sheet items	2.421.214	1.563.524
Capital and total risks		
Tier 1 capital	6.224.226	4.407.069
Total risks	53.864.244	28.779.401
Leverage ratio		
Leverage ratio	11,77	15,29

(*) Calculated by taking the average of the last three months financial statements' data.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values:

When fair value of financial assets and liabilities are determined, discounted values are taken into consideration according to remaining maturities. Transactions traded on the stock exchange are valued by using the daily weighted average prices of the last working day on the balance sheet date based on the stock market value.

	Book Value (*)		Fair Value	
	Current Period (31.12.2021)	Prior Period (31.12.2020)	Current Period (31.12.2021)	Prior Period (31.12.2020)
Financial Assets	48.921.134	28.269.945	49.099.846	28.378.717
Money markets placements	993.282	1.500.739	993.282	1.500.739
Banks	3.278.675	3.563.874	3.278.675	3.563.874
Financial assets measured at fair value through profit and loss	220.867	119.725	220.867	119.725
Financial assets measured at fair value through other comprehensive income	3.932.699	965.542	3.932.699	965.542
Financial assets measured at amortised cost	3.012.392	1.717.342	3.029.885	1.729.151
Loans	37.483.219	20.402.723	37.644.438	20.499.686
Financial Liabilities	42.290.082	23.963.014	44.801.615	24.717.620
Interbank deposits	-	-	-	-
Other deposits	-	-	-	-
Funds provided from other financial institutions	38.728.412	21.843.917	41.239.945	22.598.523
Subordinated debt	3.350.857	1.993.243	3.350.857	1.993.243
Marketable securities issued	-	-	-	-
Sundry creditors	210.813	125.854	210.813	125.854

(*) The book values of financial assets and liabilities in the table are calculated by adding accrual amounts at the end of the period.

Methods and estimations used for the fair value determination of financial instruments which are not presented with their fair values in the financial statements:

- i- For the fair value determination of loans, interest rates as of balance sheet date are considered.
- ii- For the fair value determination of banks, interest rates as of balance sheet date are considered.
- iii- In order to calculate the fair value of other financial assets measured at amortized cost, the stock market value as of the balance sheet date has been used.
- iv- For the fair value determination of the funds provided from other financial institutions, alternative resource interest rates are considered.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values (Continued):

Information on fair value measurements recognized in the financial statements:

TFRS 7 "Financial Instruments: Disclosures" standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified. According to this standard, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. The financial assets, which are recognized in the balance sheet at their values, are shown below as classified according to the aforementioned principles.

Current Period (31.12.2021)	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss	-	-	220.867
Debt securities	-	-	-
Share certificates	-	-	213.743
Other	-	-	7.124
Financial Assets at Fair Value Through Other Comprehensive Income	3.916.222	-	16.477
Debt securities	3.916.222	-	-
Share certificates	-	-	16.477
Other	-	-	-
Derivative Financial Assets	-	365	-
Investment in Associates and Subsidiaries⁽¹⁾	-	-	-
Derivative Financial Liabilities	-	26.693	-

(1) Since the unlisted investments in associates and subsidiaries are recognized at acquisition cost, these companies are not included in the table.

Prior Period (31.12.2020)	Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss	-	-	119.725
Debt securities	-	-	-
Share certificates	-	-	119.725
Other	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	950.552	-	14.990
Debt securities	950.552	-	-
Share certificates	-	-	14.990
Other	-	-	-
Derivative Financial Assets	-	43	-
Investment in Associates and Subsidiaries⁽¹⁾	-	-	-
Derivative Financial Liabilities	-	47	-

(1) Since the unlisted investments in associates and subsidiaries are recognized at acquisition cost, these companies are not included in the table.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VIII. Explanations on the Presentation of Financial Assets and Liabilities at Fair Values (Continued):

The table below shows the movement table of level 3 financial assets.

Level 3 Movement Table	Current Period (31.12.2021)	Prior Period (31.12.2020)
Balance at the Beginning of the Period	134.715	98.253
Purchases During the Period	12.577	9.386
Disposals Through Sale/Redemptions	(28.780)	(4.599)
Valuation Effect	118.832	31.675
Transfers	-	-
Balance at the End of the Period	237.344	134.715

IX. Explanations on the Transactions Made on Behalf of Others and Items Held in Trust:

The Parent Bank provides security buying, selling and custody services on behalf and account of others. The Parent Bank also acts as an intermediary in the execution of tourism and infrastructure investments on behalf of the Republic of Turkey Ministry of Culture and Tourism, and no new resources have been transferred in this context recently.

There are no transactions based on faith by the Parent Bank.

X. Explanations on Consolidated Risk Management:

1. General information on consolidated risk management and risk weighted amounts:

The Parent Bank's risk management approach:

It should be emphasized firstly that the Parent Bank is actively using committees and risk budgeting in decision-making mechanisms and risk management processes while assessing risk management performance in addition to the functional and financial performance, which has operational mechanisms based on a wide range of activities. Within the framework of the Bank's vision, mission, strategic objectives and targets set by the Board of Directors and risk management policies and strategies; the Asset and Liability Management Committee and the Credit Participation Committee constitute two main committees that play a critical role in the execution of the Parent Bank's activities; which the Asset and Liability Management Committee ensuring that the assets and liabilities are managed effectively and efficiently by taking into consideration the current and possible economic developments and the factors such as interest, maturity and currency, and establishing coordination and communication between the Senior Management and the Bank's units, and the Credit Participation Committee with the function of determining the principles of lending, evaluating the credit-participation risk and the situation of the investment, evaluating the reports prepared on the loan appraisal and in summary taking care of all the lending activities. Within the framework of the short-term strategies determined by the Asset and Liability Management Committee in line with the vision and strategic objectives of the Parent Bank's Strategic Plan, each of the units in the Parent Bank comply with these targets and the risk budgeting application based on the consolidation of these budgets are applied to contribute to the basic activities of the Parent Bank.

Risk monitoring processes constitute the main determinant of risk management policies in decision making processes in the Parent Bank. The organizational structure of the risk monitoring processes is composed of, the "Internal Control" and "Risk Monitoring" Directorates which the duties and authorities established within the Parent Bank with the decision of the Board of Directors pursuant to the Banking Law and the BRSA legislation, the Audit Committee and the Internal Inspection Department. The units within the internal systems of the Parent Bank and the Audit Committee undertake their activities in accordance with the "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process" dated 11/07/2014 and numbered 29057 of the BRSA.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

1. General information on consolidated risk management and risk weighted amounts (Continued):

The Parent Bank's risk management approach (Continued):

The general principle of the risk policies followed by the Parent Bank where the implementation of committees and risk budgeting actively in decision-making mechanisms and risk management processes; which was approved by Board of Directors dated 11.01.2016, 2016-01-15/015 stated in the Parent Bank's "Risk Management Strategies, Policies and Implementation Principles", "To specialize in the activities in accordance with the mission, vision and structure determined by the Establishment Law, to take risks that can be identified, controlled and / or managed, and to make efforts to avoid any risks other than the risks inevitable and arising as part of the nature of the activities". While the Parent Bank is specializing in its activities in accordance with its vision and structure in line with this general principle, it shapes the asset composition in line with this principle and in the risk management policy it is subject to the principle of "taking risks that can be controlled and / or managed, not taking any risks other than the risks that are unavoidable and to apply this principle as much as possible. In this context, it is the basic principle to ensure that the risks to be taken are defined and manageable.

In addition, to the extent that risk measurement and reporting techniques allow, measurement of the present and future potential impacts of the risks taken is made possible and written limits for the risks arising from the operations of the Parent Bank and for the digitization are determined according to the BRSA regulations. Therefore, the risk appetite of the Parent Bank is determined and monitored by the risk limits prepared in accordance with the provisions of Article 39 titled "Risk Appetite Structure" of Internal Systems and ICAAP Regulations of Banks No. 29057 issued by the BRSA and published in the Official Gazette on 11 July 2014. "Risk Limits and Implementation Principles", which are revised by the Risk Monitoring Department annually in accordance with the Parent Bank's risk policies and accepted by the Board of Directors, are the main policy that determines the Parent Bank's risk appetite structure.

According to the "Risk Limits and Implementation Guidelines" which is the most important indicator of the risk appetite of the bank, limits, early warning limits and actions to be taken in case of exceeding limit are determined by basic risk groups. In determining limits, the legal limits shape the general framework. However, in addition to the principle of prudence in risk management, specific limits specific to the Parent Bank are also set for each risk type. The early warning limits are intended to prevent limit overs, and the limits are set one level below (or above). Each risk group covered by the Parent Bank's risk limits is monitored by reports made to the Senior Management and the Audit Committee on a daily, weekly, monthly basis by the Risk Management Department and is first informed to the relevant unit in the framework of the actions to be taken in determining the elimination of exceeded limits.

It is clear that both the decision-making mechanisms and the risk management processes are the general principle of risk policies and the Parent Bank has a "risk avoider" risk appetite within the framework of risk limits and implementation principles.

The limits stated in the text of "Risk Appetite Structure, Risk Limits and Implementation Principles" approved by the Board of Directors within the framework of the 37th article of "Regulation on Internal Systems of Banks" issued by the BRSA for quantifiable risks arising from the activities of the Parent Bank are determined. The Risk Management Department monitors compliance with these limits and regularly reports to the Board of Directors, the Audit Committee and the Senior Management.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

1. General information on consolidated risk management and risk weighted amounts (Continued):

The Parent Bank's risk management approach (Continued):

Stress test scenario analyzes carried out by our Parent Bank within the scope of risk management activities include various techniques to measure the potential resilience of the bank portfolio against unexpected risks. Capital Planning Buffer prepared in accordance with the provisions of the "Stress Test Program" specified in article 43 of "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process" and Guidelines for Stress Tests to be Used by Banks in Capital and Liquidity Planning and specified in Article 59 of the Regulation. The results of the implementation of the scenarios determined by the BRSA used in the calculation are sent to the BRSA within the scope of the ISEDES (Internal Capital Adequacy Assessment Process) Report prepared by Risk Management Department annually. In the ISEDES Report, the Parent Bank's capital adequacy level is evaluated by applying the BRSA and our Bank scenarios on the Bank's 3-year Strategic Plan predictions.

The stress test scenario analyzes, which are updated quarterly for The Bank, are also structured in a structure parallel to ISEDES practices. Stress testing is carried out by applying two negative scenarios of the relevant year, determined by the BRSA, to the financial statements and capital adequacy ratio components of the period to be tested.

In the stress test study, shocks are given on the basis of two basic parameters (interest and exchange rate), and by each parameter and each scenario the effects of these shocks on;

- i- Balance Sheet And Income Statement
- ii- Legal Equity
- iii- Risk Weighted Assets (RWA)
- iv- Capital Adequacy Ratio (CAR)

are evaluated.

The first parameter used in the scenario analysis is the exchange rate and the other is the interest rates. Exchange rate and interest shocks are designed as base, negative and extremely negative scenarios sent by BRSA.

On the Parent Bank's securities portfolio, portfolio sensitivity is firstly calculated against changes in interest rates, and two separate scenarios are set forth to compensate for the potential loss arising from adverse interest rate changes.

The Parent Bank's "Proforma Cash Flows Statement" analysis, which is prepared based on the possible cash inflows and outflows in the next one-year period, including seven different scenarios, ranging from 45 percent to 95 percent of "loan collection rates" and implicitly including currency and interest forecasts, it is the most detailed scenario analysis that the Bank has prepared. In this analysis, the effects of different collection ratios on the liquidity risk of the Parent Bank are evaluated.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

1. General information on consolidated risk management and risk weighted amounts (Continued):

Footnotes and related explanations prepared in accordance with the "Communiqué on Disclosures About Risk Management to Be Announced to Public by Banks" published in the Official Gazette No. 29511 on 23 October 2015 and entered into force as of 31 March 2017 are given in this section. In accordance with the relevant communiqué, the following tables, which should be given quarterly, were not presented as of 31 December 2021, as the Parent Bank's standard approach was used in the calculation of capital adequacy:

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

Overview of risk weighted amounts:

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period (31.12.2021)	Prior Period (31.12.2020)	Current Period (31.12.2021)
1	Credit risk (excluding counterparty credit risk) (CCR)	47.686.738	24.299.262	3.814.939
2	Of which standardized approach (SA)	47.686.738	24.299.262	3.814.939
3	Of which internal rating-based (IRB) approach		-	
4	Counterparty credit risk	4.132.734	10.520	330.619
5	Of which standardized approach for counterparty credit risk (SA-CCR)	4.132.734	10.520	330.619
6	Of which internal model method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	Of which IRB ratings-based approach (RBA)	-	-	-
14	Of which IRB supervisory formula approach (SFA)	-	-	-
15	Standard Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market Risk	758.350	26.800	60.668
17	Of which standardized approach (SA)	758.350	26.800	60.668
18	Of which internal model approaches (IMM)			
19	Operational Risk	1.253.797	952.909	100.304
20	Of which basic indicator approach	1.253.797	952.909	100.304
21	Of which standardized approach	-	-	-
22	Of which advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustments	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	53.831.619	25.289.491	4.306.530



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations

General qualitative information on credit risk:

The Parent Bank calculates its legal credit risk as per the framework of the “Regulation on the Measurement and Evaluation of Banks’ Capital Adequacy” and Basel II criteria. The management of credit risk is essential in such a way as to ensure that the standard ratio of legal capital adequacy is above the minimum limit of existing regulations.

Within the scope of “Basel II application” under the measure of credit risk, the standard method prescribed by the BRSA is used and this measurement method based on weighting to the classes and guarantees of the loans is embodied in the KR520 form which is reported monthly to the BRSA. There are basically 3 main headings of the form:

Risk Classes,

- Credit Risk Reduction Techniques and Credit Risk Substitution Effects,
- Distribution by Risk Weights.

In order to determine the credit risk, the Parent Bank’s Risk Weighted Assets are classified by “Separation On The Basis Of Risk Classes”. After the asset is classified according to the risk classes, collaterals received on loans are assessed under Basel II “Credit Risk Mitigation Techniques and Credit Risk Substitution Effects”. The credit risk is measured monthly within the standard method framework, by using the algorithm in the “Basel II Credit Rating Classification”.

Respecting the credit risk management measurement, monitoring, stress testing and scenario analysis studies in line with the volume, quality and complexity of loans and reporting results are provided to the Audit Committee and the Board of Directors.

Beside the standard method for determining the level of credit risk that the Parent Bank may encounter, by moving from the Parent Bank’s loan portfolio structure for risk measurement and monitoring activities;

- Credit Risks by Sectors
- Credit Risks by Region
- Non-performing Loans Analysis
- Concentration Analysis of Credits
- Risks Weights of Loan Collaterals
- Sectoral Risks According to Risk Weights of Loans
- Distribution of Loans by Maturity and Source
- Distribution of Performing Credits are analyzed and reported.

In the Parent Bank’s credit risk management policy, diversification of credit portfolio is essential. Although the Bank is not subject to the credit restrictions imposed on banks accepting deposits pursuant to Article 77 of the Banking Law No. 5411, the Parent Bank has determined its credit limits with the “Credit Regulation” dated January 2019, published with the approval of the Board of Directors. Credit risk limits are determined in the text of “Risk Appetite Structure, Risk Limits and Implementation Principles” approved by the Board of Directors, and the limits are monitored daily, weekly and monthly by the Risk Management Unit and reported to the Top Management.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Risk Management (Continued):

2. Credit risk explanations (Continued):

General qualitative information on credit risk:

All units, including the departments within the Scope of Internal Systems, fulfill their duties, authorities, and responsibilities within the scope of credit risk management within the framework of the Banking Law, Internal Systems Regulation, and Bank’s Duties, Authorities, Responsibilities, and Organization Principles.

The senior management is responsible for the implementation of the credit risk strategy approved by the board of directors and the development of policies and procedures for the recognition, measurement, monitoring, and control of credit risk, and these policies and procedures include credit risks related to all banking activities in the Bank’s portfolio.

The explanations prepared by the “Communiqué on Disclosures About Risk Management to be Announced to Public by Banks” published in the Official Gazette No. 29511 on 23 October 2015, and entered into force as of 31 March 2016, are given below.

The Parent Bank reveals risks of the effects of income/expense, capital loss, liquidity adequacy, etc. that may arise regarding macroeconomic indicators and bank-specific situations with periodic reports and stress test studies. Daily, weekly, monthly and annual reports are produced with the risk measurement models and methods used by the Parent Bank regarding the risk situation of the Parent Bank, and they are regularly reported to the Board of Directors, Audit Committee, and Senior Management. The possible effects on the Bank’s equity and capital adequacy ratios and liquidity adequacy level are closely monitored.

It is aimed to disseminate the risk appetite framework and culture created by the Parent Bank through the training given to the personnel, risk measurements and reporting, and risk reporting to the Board of Directors, Senior Management, and Committees.

As a part of the risk appetite structure, it is aimed to determine the risk appetite level of the Parent Bank through regulations such as the determination of risk limits, limit exceedance exceptions, and early warning levels. Limits are updated periodically, taking into account the developments in the Parent Bank’s strategy and risk appetite. Early warning levels indicating that the determined limits are approached have also been determined, and in case the limit levels are approached or exceeded, the relevant units take the necessary actions and arrangements. Risk limits are determined together with the relevant senior managers, including the Manager of the Risk Management Unit and the General Manager of the Parent Bank, and submitted to the Board of Directors for approval following the approval of the Audit Committee. While determining the limits, the macroeconomic environment and market trends, as well as the targets and policies of the Parent Bank are taken into account, and risk concentration limits are determined based on sector, geographical region, country and product.

Since the Parent Bank uses a standard approach in capital adequacy calculations, explanations within the scope of the internal rating-based approach are not included.


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Consolidated Risk Management (Continued):
2. Credit risk explanations (Continued):
Credit quality of assets:

Current Period (31.12.2021)		Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
1	Loans	855.150	36.628.069	(788.382)	36.694.837
2	Debt securities	-	6.986.053	(61.568)	6.924.485
3	Off-balance sheet assets	2	2.305.845	(20.725)	2.285.122
4	Total	855.152	45.919.967	(870.675)	45.904.444

Prior Period (31.12.2020)		Default (a)	Not Overdue (b)	Provisions/Amortisations and Impairment (c)	Net Value (a+b-c)
		Gross carrying value as per TAS			
1	Loans	218.511	20.184.212	(344.025)	20.058.698
2	Debt securities	-	2.667.896	(1.732)	2.666.164
3	Off-balance sheet assets	3	730.654	(11.048)	719.607
4	Total	218.514	23.582.762	(356.805)	23.444.469

Changes in non-performing loans and debt securities:
Current Period (31.12.2021)

1	Defaulted loans and debt securities at the end of prior reporting period	218.511
2	Defaulted loans and debt securities from last reporting period	692.567
3	Receivables that are not defaulted	(55.928)
4	Amounts written off	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	855.150

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Consolidated Risk Management (Continued):
2. Credit risk explanations (Continued):
Changes in non-performing loans and debt securities (Continued):
Prior Period (31.12.2020)

1	Defaulted loans and debt securities at the end of prior reporting period	123.857
2	Defaulted loans and debt securities from last reporting period	131.002
3	Receivables that are not defaulted	(36.348)
4	Amounts written off	-
5	Other changes	-
6	Defaulted loans and debt securities at the end of reporting period (1+2-3-4+-5)	218.511

Additional disclosures about the credit quality of assets:

The Parent Bank evaluates its financial assets in 3 stages within the scope of TFRS 9. In this context, the Bank calculates the lifetime expected credit loss for the loans that have defaulted (Stage 3) and loans that have not yet defaulted, but have significantly increased credit risk at the date of disbursement of the loan (Stage 2). For other financial assets within the scope of TFRS 9 (Stage 1); the Parent Bank reflects the calculation including the probability of default within 12 months after the reporting date as the expected loss reserve.

Loans and other receivables, including overdue interest, are restructured under the Provisioning Regulation by providing additional credits, if necessary, in order to provide liquidity to the borrower for the purposes of ultimately enabling collection of the receivables in the event that it is arising from temporary liquidity difficulties.

Provisional liquidity problem is considered as manageable cash inflow difficulty arising from the fact that a borrower with credit risk that is able to fulfill its obligations on time and on its terms would have been fundamentally irregular due to fluctuations in sales revenue or operating income due to unforeseen and temporary consequences.

Restructured loans are continued to be classified and followed up in the groups that they are followed up until that date. Within this period, provision continues at rates applicable to the group in which they are monitored for the related receivables.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Additional disclosures about the credit quality of assets (Continued):

Breakdown of non-performing loans and respective provisions by geographic regions

Current Period (31.12.2021)	Non-performing loans	Stage 3 Expected Credit Loss
Domestic	855.150	528.440
European Countries	-	-
OECD Countries	-	-
Total	855.150	528.440

Prior Period (31.12.2020)	Non-performing loans	Specific provisions
Domestic	218.511	150.378
European Countries	-	-
OECD Countries	-	-
Total	218.511	150.378

Information in terms of major sectors and type of counterparties

Current Period (31.12.2021)	Loans	Non-Performing Loans	Expected Credit Loss Provision	Total
Agriculture	52.051	-	1.354	50.697
Farming and animal breeding	52.051	-	1.354	50.697
Forestry	-	-	-	-
Fishery	-	-	-	-
Industry	25.869.544	791.666	675.962	25.985.248
Mining and quarry	-	-	-	-
Manufacturing	6.032.518	17.043	37.360	6.012.201
Electricity, gas and water	19.837.026	774.623	638.602	19.973.047
Construction	49.394	-	464	48.930
Service	10.593.139	62.350	109.407	10.546.082
Wholesale and retail trade	47.373	-	227	47.146
Hotel and food services	1.413.934	55.615	70.170	1.399.379
Transportation and communication	525.831	-	2.439	523.392
Financial institutions	8.126.829	-	25.054	8.101.775
Real estate and leasing services	253.133	-	4.180	248.953
Self-employment services	-	-	-	-
Educational services	97.238	-	372	96.866
Health and social services	128.801	6.735	6.965	128.571
Other	63.941	1.134	1.195	63.880
Total	36.628.069	855.150	788.382	36.694.837

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Information in terms of major sectors and type of counterparties

(Prior Period 31.12.2020)

	Loans	Non-Performing Loans	Expected Credit Loss Provision	Total
Agriculture	-	-	-	-
Farming and animal breeding	-	-	-	-
Forestry	-	-	-	-
Fishery	-	-	-	-
Industry	13.837.906	148.678	242.561	13.744.023
Mining and quarry	-	-	-	-
Manufacturing	2.314.042	24.470	29.941	2.308.571
Electricity, gas and water	11.523.864	124.208	212.620	11.435.452
Construction	20.034	-	245	19.789
Service	6.277.801	68.727	100.068	6.246.460
Wholesale and retail trade	45.339	-	262	45.077
Hotel and food services	1.177.338	62.073	67.377	1.172.034
Transportation and communication	331.527	-	3.813	327.714
Financial institutions	4.533.679	-	20.709	4.512.970
Real estate and leasing services	-	-	-	-
Self-employment services	-	-	-	-
Educational services	94.056	-	996	93.060
Health and social services	95.862	6.654	6.911	95.605
Other	48.471	1.106	1.151	48.426
Total	20.184.212	218.511	344.025	20.058.698

Maturity analysis for non-performing loans

Current Period (31.12.2021)	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and above
Corporate and Commercial Loans	656.092	-	118.531	815	78.578
Other	-	-	-	-	1.134
Total	656.092	-	118.531	815	79.712

Prior Period (31.12.2020)	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and above
Corporate and Commercial Loans	124.121	-	3.358	4.499	85.427
Other	-	-	-	-	1.106
Total	124.121	-	3.358	4.499	86.533



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Breakdown of restructured receivables by whether provision has been made or not.

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	Loan Balance	Expected Loss Provisions	Loan Balance	Expected Loss Provisions
Restructured from Performing Loans	387.610	6.534	261.954	11.244
Restructured from Nonperforming Loans	31.198	145	-	-
Total	418.808	6.679	261.954	11.244

Qualitative requirements to be disclosed to the public regarding on credit risk mitigation techniques:

In the calculation of the amounts subject to credit risk, the Parent Bank evaluates the loans in terms of risk weight, taking into consideration the risk classes, grading notes and risk reduction elements within the context of "Communiqué on Credit Risk Mitigation Techniques".

The Parent Bank does not make on-balance sheet and off-balance sheet netting within the scope of credit risk mitigation. Applications related to valuation and management of collateral are carried out in line with the Communiqué on Credit Risk Mitigation Techniques. Main guarantees taken by the Bank in the context of credit risk mitigation techniques are financial guarantees (cash) and guarantees (Turkish Treasury and banks). Monetary guarantees are evaluated with the most recent values as of the reporting date in the credit risk reduction process. In the event that a bank loan customer receives guarantees obtained from other institutions, the credit risk worthiness of the guaranteeing institution in the credit risk reduction process is taken into consideration. Risk-reducing effects of collaterals are taken into account through standard volatility adjustments in the portfolios in which the comprehensive financial guarantee method is used.

Overview of credit risk mitigation techniques:

	Current Period (31.12.2021)	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivative s	Collateralized amount of exposures secured by credit derivatives
1 Loans		1.090.349	36.392.870	100%	-	-	-	-
2 Debt Instruments		-	6.928.614	100%	-	-	-	-
3 Total		1.090.349	43.321.484	100%	-	-	-	-
4 Overdue		-	855.150	100%	-	-	-	-

	Prior Period (31.12.2020)	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans		47.362	20.355.361	100%	-	-	-	-
2 Debt Instruments		-	2.667.896	100%	-	-	-	-
3 Total		47.362	23.023.257	100%	-	-	-	-
4 Overdue		-	218.511	100%	-	-	-	-

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Qualitative information on ratings used by the banks while calculating credit risk with standard approach :

The risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are determined pursuant to the regulations. Any external risk ratings which are determined by any international rating agency are not used.

Standard Approach - Credit risk exposure and credit risk mitigation effects:

The Parent Bank calculates the credit risk with a standard approach and do not use a rating grade.

Current Period (31.12.2021)	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amount and Intensity of Risk Weighted Amount	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Intensity of risk weighted amount
Risk Class						
Exposures to sovereigns and central banks	5.702.181	-	6.348.981	-	4.569.211	72,0%
Exposures to regional and local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	13.509.532	174.514	20.751.762	9	16.861.385	81,3%
Exposures to corporates	29.919.733	5.816.743	26.910.967	2.278.352	29.189.319	100,0%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	51.764	-	51.764	-	29.687	57,4%
Exposures secured by commercial property	879.074	-	879.074	-	482.856	54,9%
Overdue items	326.711	-	326.710	-	163.355	50,0%
Exposures in high-risk categories	-	-	-	-	-	-
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	213.743	31.856	270.109	110,0%
Other exposures	229.623	-	229.469	-	226.165	98,6%
Equity share investments	-	-	-	-	-	-
Total	50.618.618	5.991.257	55.712.470	2.310.217	51.792.087	89,3%



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach - Credit risk exposure and credit risk mitigation effects (Continued):

Prior Period (31.12.2020)	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk Weighted Amount and Intensity of Risk Weighted Amount	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Intensity of risk weighted amount
Risk Class						
Exposures to sovereigns and central banks	2.633.292	-	3.024.492	-	1.938.751	64,1%
Exposures to regional and local governments	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	9.667.902	9	9.887.494	9	7.121.148	72,0%
Exposures to corporates	14.258.338	8.475.932	13.059.117	713.735	13.772.852	100,0%
Retail exposures	-	-	-	-	-	-
Exposures secured by residential property	40.916	-	40.916	-	23.097	56,5%
Exposures secured by commercial property	2.013.892	-	1.999.392	-	1.039.640	52,0%
Overdue items	68.132	-	68.133	-	66.804	98,0%
Exposures in high-risk categories	119.725	24.399	119.725	24.399	216.185	150,0%
Collateralized securities	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-
Other exposures	135.500	-	135.669	-	131.304	96,8%
Equity share investments	-	-	-	-	-	-
Total	28.939.597	8.500.340	28.336.567	738.143	24.311.452	83,6%

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach: Exposures by asset classes and risk weights:

The Parent Bank calculates the credit risk with the standard approach and does not use a rating score.

Current Period (31.12.2021)														
	Risk Class/Risk Weight	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total risk amount (after CCF and CRM)	
1	Exposures to sovereigns and their central banks	1.779.770	-	-	-	-	-	-	4.569.211	-	-	-	6.348.981	
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-	-	-	
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-	-	
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	
6	Exposures to banks and brokerage houses	80.032	-	4.641.144	-	-	194.878	-	15.835.717	-	-	-	20.751.771	
7	Exposures to corporates	-	-	-	-	-	-	-	29.189.319	-	-	-	29.189.319	
8	Retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	
9	Exposures secured by residential property	-	-	-	-	-	44.154	-	7.610	-	-	-	51.764	
10	Exposures secured by commercial property	-	-	-	-	-	792.437	-	86.637	-	-	-	879.074	
11	Past-due items	-	-	-	-	-	326.710	-	-	-	-	-	326.710	
12	Exposures in high-risk categories	-	-	-	-	-	-	-	-	-	-	-	-	
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	196.580	49.019	-	-	245.599	
16	Other exposures	-	-	-	-	-	-	-	-	-	-	-	-	
17	Equity share investments	3.303	-	-	-	-	-	-	226.166	-	-	-	229.469	
18	Total	1.863.105	-	4.641.144	-	-	1.358.179	-	50.111.240	49.019	-	-	58.022.689	



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

2. Credit risk explanations (Continued):

Standard Approach: Exposures by asset classes and risk weights (Continued):

Prior Period (31.12.2020)											
	Risk Class/Risk Weight	0%	10%	20%	50% Secured by property mortgages	75%	100%	150%	250%	Other	Total risk amount (after CCF and CRM)
1	Exposures to sovereigns and their central banks	1.085.741	-	-	-	-	1.938.751	-	-	-	3.024.492
2	Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-
3	Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	1.500.739	-	1.466.623	184.635	-	6.735.506	-	-	-	9.887.503
7	Exposures to corporates	-	-	-	-	-	13.772.852	-	-	-	13.772.852
8	Retail exposures	-	-	-	-	-	-	-	-	-	-
9	Exposures secured by residential property	-	-	-	35.638	-	5.278	-	-	-	40.916
10	Exposures secured by commercial property	-	-	-	1.919.505	-	79.887	-	-	-	1.999.392
11	Past-due items	-	-	-	2.659	-	65.474	-	-	-	68.133
12	Exposures in high-risk categories	-	-	-	-	-	-	144.124	-	-	144.124
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-
16	Other exposures	4.364	-	-	-	-	131.305	-	-	-	135.669
17	Equity share investments	-	-	-	-	-	-	-	-	-	-
18	Total	2.590.844	-	1.466.623	2.142.437	-	22.729.053	144.124	-	-	29.073.081

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

3. Explanations on counterparty credit risk:

Evaluation of counterparty credit risk according to measurement methods:

A counterparty credit risk is the risk that a counterparty who is involved in a transaction that is liable to both parties defaults before the final payment in the cash flow of that transaction.

The Parent Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions, such as off-balance sheet over the counter derivative transactions, by taking into account risk capacities.

Transactions made by the Treasury Department including counter-party risks such as over the counter forward, swaps and options are reported daily to the Senior Management and Risk Management Department. All transactions made with counterparty are considered within the limits of the counterparty. Exceeded limits are reported daily to the responsible managers and are recorded with all measures taken to overcome these limitations.

Current Period (31.12.2021)		Replacement Cost	Potential Credit Risk Amount	EEPE	Alpha Used for Competing Regulatory EAD	EAD Post-CRM	Risk Weighted Amounts
1	Standardized Approach - CCR (for derivatives)	-	-	-	1,4	-	-
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)				-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					4.406.176	4.129.777
6	Total						4.129.777


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Consolidated Risk Management (Continued):
3. Explanations on counterparty credit risk (Continued):
Evaluation of counterparty credit risk according to measurement methods

	Prior Period (31.12.2020)	Replacement Cost	Potential Credit Risk Amount	EEPE	Alpha Used for Competing Regulatory EAD	EAD Post-CRM	Risk Weighted Amounts
1	Standardized Approach - CCR (for derivatives)	-	-	-	1,4	-	-
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	25.419	6.047
6	Total	-	-	-	-	-	6.047

Capital Requirements for CVA:

Derivative transactions of the Parent Bank consists of forward foreign exchange buying and selling and swap money buying and selling transactions. There are no interest-based swap transactions, option contracts and other derivative transactions. There are no derivative products to be created to differentiate them from the main product of the Parent Bank, and there are no transactions with possibility of collateral completion.

The Bank's two-legged derivative portfolio includes swap transactions that are not affected by market exchange rate and interest rate movements. As of both legs, debit and credit amounts at the end of maturity are guaranteed by contract in advance. However, by the accounting method, derivative financial instruments are recorded with their fair values at the contract date and are revalued with their fair values in the reporting periods. Accordingly, counterparty risk is calculated for the portfolio in question during the reporting periods, and credit valuation adjustments are not calculated since there are no derivative transactions that will be affected by speculative market prices.

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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Consolidated Risk Management (Continued):
3. Explanations on counterparty credit risk (Continued):
Standard approach - counterparty credit risk based on risk classes and risk weights:

Current Period (31.12.2021)									
Risk Weights / Risk Class	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	14.798	-	-	-	-	-	-	-	-
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	327.001	-	-	4.064.377	-	-	4.129.777
Exposures to corporates	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-
Other assets(**)	-	-	-	-	-	-	-	-	-
Total	14.798	-	327.001	-	-	4.064.377	-	-	4.129.777

(*) Total credit risk: Risk amount related to capital adequacy computation after the counterparty credit risk measurement techniques are applied.

(**) Other receivables: Includes amounts not included in the counterparty credit risk reported in the table of risks to the central counterparty.



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Standard approach - counterparty credit risk based on risk classes and risk weights (Continued):

Prior Period (31.12.2020)										Total credit exposure (*)
Risk Weights/Risk Class	0%	10%	20%	50%	75%	100%	150%	Other		
Exposures to sovereigns and their central banks	18.958	-	-	-	-	-	-	-	-	-
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	517	-	-	5.944	-	-	-	6.047
Exposures to corporates	-	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-	-
Overdue items	-	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	18.958	-	517	-	-	5.944	-	-	-	6.047

(*) Total credit risk: Risk amount related to capital adequacy computation after the counterparty credit risk measurement techniques are applied

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

3. Explanations on counterparty credit risk (Continued):

Collaterals for counterparty credit risk:

A counterparty credit risk is the risk that a counterparty who is involved in a transaction that is liable to both parties defaults before the final payment in the cash flow of that transaction.

The Bank takes necessary measures to limit counterparty credit risks arising from bilateral transactions, such as off-balance sheet derivative transactions, by taking into account risk capacities.

Current Period (31.12.2021)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	84.925	655.929
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	84.925	655.929

Prior Period (31.12.2020)	Collaterals for derivative transactions				Collaterals for other transactions	
	Collaterals received		Collaterals given		Collaterals received	Collaterals given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	1.549.109	205.332
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	1.549.109	205.332


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Consolidated Risk Management (Continued):
3. Explanations on counterparty credit risk (Continued):
Credit derivatives

None.

Exposures to central counterparties (CCP)

None.

Explanations on securitizations

None.

4. Explanations on market risk:
Qualitative information to be publicly disclosed on market risk:

The Parent Bank is exposed to market risk depending on the fluctuations that may occur in the financial market as a result of its activities, in exchange rates, interest rates and stock prices.

The Parent Bank calculates and legally reports its market risk by using the standard method within the framework of the provisions of the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy" published in the Official Gazette No. 29511 dated 23 October 2015.

In addition to the monthly standardized methodology, the market risk is calculated on a daily basis using the Value At Risk ("VaR") approach. The VaR calculated by using the internal model to predict the potential loss in financial market conditions, the stress tests and scenario analysis results, including the price changes occurring in the crises that occurred in previous years or the probable effects of different interest and exchange rate shocks on existing portfolios are reported to Audit Committee and top management.

In accordance with the "Regulation on the Internal Systems of Banks and the Internal Capital Adequacy Assessment Process" published on the Official Gazette dated 11 July 2014 and numbered 29057, the limits of these risks are determined by taking into account the main risks borne by the Bank and such risk limits are determined within the framework of changing market conditions and Bank strategies "Risk Appetite Structure, Risk Limits and Implementation Principles" which are frequently revised and approved by the Board of Directors.

The reports prepared within the framework of compliance with the risk limits are regularly presented to the Board of Directors, the Audit Committee and senior management.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Consolidated Risk Management (Continued):
4. Explanations on market risk (Continued):
PR1-Market risk amounts based on standard approach:

		Current Period 31.12.2021	Prior Period 31.12.2020
		RAT	RAT
	Direct (cash) Products		
1	Interest rate risk (general and specific)	-	-
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	758.350	26.800
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitization	-	-
9	Total	758.350	26.800

5. Link between the financial statements and risk amounts:
Explanations on differences between the amounts prepared as per TAS and the risk amounts:

"Credit Risks" are calculated over the securities classified as "Financial assets at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income".

Repurchase and reverse repo transactions of the Parent Bank are subject to "Counterparty Credit Risks" and the Capital Obligation against Counterparty Credit Risk is calculated and reported under the "Credit Risk". In addition, "Market Risk" is calculated over the securities used in the "Reverse Repo" transactions.

The amount included in the "Off-balance sheet amounts" line of the B2 table is reported as "Subject to Credit risk" by multiplying with "Credit Conversion Rates".


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Consolidated Risk Management (Continued):
5. Linkages between the financial statements and risk amounts (Continued):
Differences and matching between accounting consolidation and legal consolidation:

Current Period (31.12.2021)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	
Assets							
Cash and Balances with the Central Bank	2.051	-	2.051	-	-	-	-
Financial assets held for trading	7.124	-	7.124	-	-	-	-
Financial assets at fair value through profit or loss	213.743	-	213.743	-	-	-	-
Banks	3.273.101	-	3.273.101	-	-	-	-
Interbank money market	992.465	-	912.434	80.031			
Financial Assets at Fair Value Through Other Comprehensive Income	3.932.699	-	3.932.699	-	-	-	-
Derivative Financial Assets	365	-	365	-	-	-	-
Loans and Receivables	36.694.836	-	36.694.836	-	-	-	-
Factoring receivables	-	-	-	-	-	-	-
Financial Assets Measured at Amortised Cost	3.011.037	-	3.011.037	-	-	-	-
Investments in associates	10.119	-	10.119	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-
Lease receivables	-	-	-	-	-	-	-
Tangible assets (net)	27.953	-	27.953	-	-	-	-
Intangible assets (net)	21.875	-	-	-	-	-	21.875
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	95.678	-	95.678	-	-	-	-
Other assets	95.684	-	95.684	-	-	-	-
Total Assets	48.378.730	-	48.276.824	80.031	-	-	21.875


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Consolidated Risk Management (Continued):
5. Linkages between the financial statements and risk amounts (Continued):
Differences between accounting consolidation and legal consolidation (Continued):

Current Period (31.12.2021)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TAS				
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Liabilities							
Deposit	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	26.693	-	-	-	-	-	-
Borrowing funding loans	37.910.935	-	-	-	-	-	-
Money markets balances	629.707	-	-	629.707	-	-	-
Issued securities	51.882	-	-	-	-	-	-
Funds	1.528.791	-	-	-	-	-	-
Miscellaneous Payables	211.390	-	-	-	-	-	-
Other external funding's payable	93.516	-	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-	-
Debts from leasing transactions	10.479	-	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-	-
Provisions	73.649	-	-	-	-	-	-
Tax liability	25.194	-	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-	-
Subordinated debts	3.350.857	-	-	-	-	-	-
Shareholders' equity	4.465.637	-	-	-	-	-	-
Total liabilities and equity	48.378.730	-	-	629.707	-	-	-



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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Differences between accounting consolidation and legal consolidation (Continued):

Prior Period (31.12.2020)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TAS				
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and Balances with the Central Bank	1.126	-	1.126	-	-	-	-
Financial assets held for trading	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	119.725	-	119.725	-	-	-	-
Banks	3.555.637	-	3.555.637	-	-	-	-
Interbank money market	1.499.793	-	-	1.499.793	-	-	-
Financial assets available- for-sale (net)	965.542	-	965.542	-	-	-	-
Loans	43	-	43	-	-	-	-
Factoring receivables	20.058.698	-	20.058.698	-	-	-	-
Investments held to maturity (net)	-	-	-	-	-	-	-
Investments in associates	1.716.260	-	1.716.260	-	-	-	-
Subsidiaries	20.543	-	20.543	-	-	-	-
Lease receivables	30	-	30	-	-	-	-
Tangible assets (net)	46.139	-	46.139	-	-	-	-
Intangible assets (net)	17.744	-	-	-	-	-	17.744
Investment properties (net)	-	-	-	-	-	-	-
Tax asset	17.990	-	17.990	-	-	-	-
Other assets	54.100	-	54.100	-	-	-	-
Total Assets	28.073.370	-	26.555.833	1.499.793	-	-	17.744


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SECTION FOUR (Continued)
INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)
X. Explanations on Consolidated Risk Management (Continued):
5. Linkages between the financial statements and risk amounts (Continued):
Differences between accounting consolidation and legal consolidation (Continued):

Prior Period (31.12.2020)	Carrying values in financial statements prepared as per TAS	Carrying values in financial statements prepared as per TAS within legal consolidation	Items in accordance with TAS				
			Subject to credit risk	The counterparty credit risk	Securitization positions	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Liabilities							
Deposit	-	-	-	-	-	-	-
Derivative financial liabilities held for trading	47	-	-	-	-	-	-
Borrowing funding loans	21.762.739	-	-	-	-	-	-
Money markets balances	203.850	-	-	205.378	-	-	-
Issued securities	-	-	-	-	-	-	-
Funds	245.216	-	-	-	-	-	-
Miscellaneous Payables	126.137	-	-	-	-	-	-
Other external funding's payable	42.645	-	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-	-
Debts from leasing transactions	13.575	-	-	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-	-	-	-
Provisions	51.063	-	-	-	-	-	-
Tax liability	45.281	-	-	-	-	-	-
Liabilities for assets held for sale and discontinued operations	-	-	-	-	-	-	-
Subordinated debts	1.993.243	-	-	-	-	-	-
Shareholders' equity	3.587.942	-	-	-	-	-	-
Total liabilities and equity	28.071.738	-	-	205.378	-	-	-



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2021

(Thousands of Turkish Lira (TL) unless otherwise stated)

SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

5. Linkages between the financial statements and risk amounts (Continued):

Main sources of differences between the risk amounts and carrying values in financial statements prepared as per TAS:

	Current Period (31.12.2021)	Total	Subject to credit risk	Securitization positions	Subject to counterparty risk	Subject to market risk
1	Carrying values of assets in accordance with TAS within legal consolidation	48.378.730	48.276.823		80.031	-
2	Carrying values of liabilities in accordance with TAS within legal consolidation	48.378.730	-		(629.707)	-
3	Total net amount under legal consolidation	-	48.276.823		(549.676)	-
4	Off-balance sheet items	10.830.077	5.027.287		2.554.289	-
5	Valuation differences	-	-			-
6	Differences arising from netting of differences (outside line 2)	-				-
7	Differences arising from consideration of provisions	-	-			-
8	Differences arising from the applications of the BRSA	-	-			-
	Risk balances	59.208.807	53.304.110	-	2.004.613	-

	Prior Period (31.12.2020)	Total	Subject to credit risk	Securitization positions	Subject to counterparty risk	Subject to market risk
1	Carrying values of assets in accordance with TAS within legal consolidation	28.071.738	26.554.201	-	1.499.793	-
2	Carrying values of liabilities in accordance with TAS within legal consolidation	28.071.738	-	-	(203.850)	-
3	Total net amount under legal consolidation	-	26.554.201	-	1.295.943	-
4	Off-balance sheet items	9.229.631	79.225	-	-	-
5	Valuation differences	-	-	-	-	-
6	Differences arising from netting of differences (outside line 2)	-	-	-	-	-
7	Differences arising from consideration of provisions	-	-	-	-	-
8	Differences arising from the applications of the BRSA	-	-	-	-	-
	Risk balances	38.458.118	26.633.426	-	1.295.943	-

There is no significant difference between the amounts reported in the financial statements by TAS and the risk amounts used within the scope of capital adequacy.

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

6. Explanations on operational risk:

According to the Parent Bank's Operational Risk Management Policy, operational risk management practices; are developed taking into account overlooking of errors and irregularities as a result of disruptions in internal controls, failure to comply with time and conditions by the Parent Bank's management and personnel, errors and failures in information technology systems, and losses due to disasters such as earthquakes, fires, floods, and other factors that may occur on the basis of the Bank and the sector.

Operational risk amount is calculated by using the basic indicator approach within the scope of 14th Article of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". The value is, 15% of the Banks' gross income for the last three years multiplied with 12,5.

Annual gross income, as included in the income statement in financial reports is calculated by adding net fees and commissions income, dividend income from stocks other than subsidiary and affiliate shares, trading profit/loss (net) and other operating income to net interest income, by deducting profit/loss from the sale of assets monitored in held-to-maturity securities accounts, extraordinary income and insurance claims.

Current Period (31.12.2021)	31.12.2018	31.12.2019	31.12.2020	Total / Positive BG year amount	Ratio (%)	Total
Gross income	479.661	755.704	770.710	668.692	15	100.304
Value at operational risk (Total * 12,5)	1.253.797					

Prior Period (31.12.2020)	31.12.2017	31.12.2018	31.12.2019	Total / Positive BG year amount	Ratio (%)	Total
Gross income	289.290	479.661	755.704	508.218	15	76.233
Value at operational risk (Total * 12,5)	952.909					

The Operational Risk Management Policy, which was renewed in order to determine the policies, principles, approaches and basic elements in Operational Risk Management in order to reveal the risks that the Parent Bank will be exposed to in line with the general strategies and long-term goals and the strategies to be followed for these risks, was approved by the Board of Directors as of 30.12.2020. With this policy, it is aimed to contribute to the establishment of an established and consistent "Operational Risk Culture" throughout the Parent Bank by defining, determining, measuring, evaluating and reporting Operational Risks.

Audit findings, internal loss data, risk control and self-assessment report, operational risk analysis report, external data, business process map and key risk indicators will be envisaged to use in the identification and assessment of operational risk. Regarding the analysis of operational risk, risk control and self-assessment studies, operational risk analysis report, scenario analysis and stress tests are envisaged. Within the scope of reducing the operational risks and increasing the efficiency of the operational risk management process, the use of methods such as controlling the exposed risks by applying determined policies and procedures, reducing by using risk reduction techniques such as insurance, transferring them to another area are the basic elements that will increase the effectiveness of operational risk management. can be listed.

Support Services procedures, emergency and contingency plans that enable the transfer of operational risks, emergency and contingency plans, as well as special policies, procedures and controls for money laundering and terrorist financing that may cause operational risks, management of IT risks are foreseen to be created.



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
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SECTION FOUR (Continued)

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

X. Explanations on Consolidated Risk Management (Continued):

6. Explanations on operational risk (Continued):

In the Parent Bank, all operational risks are within the framework of defining, evaluating, monitoring and controlling / reducing risks. All operational risks in the Bank, within the framework of the identification, evaluation, monitoring and control/reduction of risks, is managed under the supervision of the Board of Directors and the Audit Committee. The results of the activities of the Internal Audit Unit and Internal Control and Compliance Unit for monitoring operational risks are monitored and evaluated by the Audit Committee.

Legal measurements for Operational Risk are made using the Basic Indicator Method within the scope of the Regulation on Measurement and Assessment of Capital Adequacy of Banks. Studies of other measurement methods for Measurement of Operational Risks within the scope of Basel and BRSA regulations are carried out by the Risk Management Unit.

7. Interest rate risk on banking accounts:

Parent Bank calculates the interest rate risk on banking book according to "Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method" and reports to the BRSA monthly.

Interest Rate Risk on Banking Book report includes Receivables from Central Bank, Money Market Placements, Receivables from Banks, Financial Assets at Fair Value Through Other Comprehensive Income (excluding government bonds), Receivables from Reverse-repo, Loans and Receivables, Other Financial Assets Measured at Amortised Cost and Other Receivables in the asset side, and Payables to Central Bank, Money Market Borrowings, Payables to Banks, Funds Obtained from Repo Transactions, Issued Bonds; Borrowings, Subordinated Debt and Other Payables on the liabilities side.

Economic value differences due to the interest rate instabilities calculated according to "Regulation on Measurement and Evaluation of Interest Rate Risk on Banking Book as per Standard Shock Method" are presented below for each currency.

	Current Period (31.12.2021)	Applied Shock (+/- x base points)	Gains / Losses	Gains / Equity – Losses / Equity
1	TL	(+) 500 base points	(46.065)	(0,60)%
2	TL	(-) 400 base points	40.876	0,53%
3	EURO	(+) 200 base points	184.014	2,40%
4	EURO	(-) 200 base points	(263.761)	(3,43)%
5	USD	(+) 200 base points	326.168	4,25%
6	USD	(-) 200 base points	(431.919)	(5,62)%
	Total (Of Negative Shocks)		464.117	6,04%
	Total (Of Positive Shocks)		(654.804)	(8,53)%

	Prior Period (31.12.2020)	Applied Shock (+/- x base points)	Gains / Losses	Gains / Equity – Losses / Equity
1	TL	(+) 500 base points	(25.772)	(0,46)%
2	TL	(-) 400 base points	24.530	0,43%
3	EURO	(+) 200 base points	92.794	1,64%
4	EURO	(-) 200 base points	(111.878)	(1,98)%
5	USD	(+) 200 base points	(99.413)	(1,76)%
6	USD	(-) 200 base points	117.455	2,08%
	Total (Of Negative Shocks)		(32.391)	(0,58)%
	Total (Of Positive Shocks)		30.107	0,53%

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Notes Related to Consolidated Assets:

1. Information on financial assets:

1.1. Information on cash and cash equivalents:

1.1.1. Information on cash and balances with the Central Bank of the Republic of Turkey:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Cash in TL/Foreign currency	24	-	10	-
CBRT	2.027	-	1.116	-
Other	-	-	-	-
Total	2.051	-	1.126	-

1.1.1.a. Information on required reserve deposits:

Since the Bank does not accept deposits, it is not subject to Central Bank of the Republic of Turkey's Communiqué No: 2005/1 "Reserve Requirements".

1.1.1.b. Information on the account of Central Bank of the Republic of Turkey:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Unrestricted Demand Deposit	2.027	-	1.116	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	2.027	-	1.116	-

1.1.2. Information on banks:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Banks				
Domestic	2.950.096	301.146	1.451.203	2.007.772
Foreign	-	27.433	-	104.899
Foreign Head Office and Branches	-	-	-	-
Total	2.950.096	328.579	1.451.203	2.112.671

1.1.2.a. Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period (31.12.2021)	Prior Period (31.12.2020)	Current Period (31.12.2021)	Prior Period (31.12.2020)
EU Countries	13.914	20.640	-	-
USA and Canada	13.519	1.989	-	-
OECD Countries	-	82.270	-	-
Off-Shore Banking Regions	-	-	-	-
Other	-	-	-	-
Total	27.433	104.899	-	-



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2021

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued)

1.1. Information on cash and cash equivalents (Continued):

1.1.3. Information on money market placements:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Money Market Placements	913.250	-	-	-
Receivables from Reverse Repo Transactions	80.032	-	1.500.739	-
Total	993.282	-	1.500.739	-

1.1.4. Information on expected credit loss provisions for financial assets:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Cash and Balances with Central Bank	1	-	1	-
Banks	5.573	-	8.238	-
Receivables from Money Market	817	-	945	-
Total	6.391	-	9.184	-

1.2. Financial assets at fair value through profit and loss subject to repurchase agreements (Net):

None.

1.2.a) Financial assets at fair value through profit and loss given as collateral or blocked(Net):

None.

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

1.3.a-1) Financial assets measured at fair value through other comprehensive income subject to repurchase agreements:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	522.914	-	205.332	-
Other	-	-	-	-
Total	522.914	-	205.332	-

1.3.a-2) Information on financial assets measured at fair value through other comprehensive income given as collateral or blocked:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bonds, treasury bills and similar securities	192.716	-	63.299	-
Other	-	-	-	-
Total	192.716	-	63.299	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued)

1.3. Information on financial assets measured at fair value through other comprehensive income (Continued):

1.3.a.3) Information on financial assets measured at fair value through other comprehensive income:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Debt Securities	3.973.661	950.554
Quoted on a stock exchange	3.973.661	950.554
Unquoted	-	-
Share Certificates	17.800	17.800
Quoted on a stock exchange	-	-
Unquoted	17.800	17.800
Provision for impairment (-)	(58.762)	(2.812)
Total	3.932.699	965.542

1.4. Information on derivative financial assets:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Forward Transactions	-	-	43	-
Swap Transactions	365	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	365	-	43	-

2. Explanations on financial assets measured at amortized cost (Net):

2.1. Information on loans:

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

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	10	-	385	-
Total	10	-	385	-



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued))

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.b) Information on standard loans and loans under close monitoring (first and second group loans) including restructured loans under follow up:

Cash Loans Current Period (31.12.2021)	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Non-specialized loans	33.305.815	1.787.682	218.535	-
Working capital loans	3.413.178	4.762	124.613	-
Export loans	19.840	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	2.752.407	-	-	-
Consumer loans	10	-	-	-
Credit cards	-	-	-	-
Other	27.120.380	1.782.920	93.922	-
Specialized loans	1.031.540	216.994	67.503	-
Other receivables	-	-	-	-
Total	34.337.355	2.004.676	286.038	-

Cash Loans Prior Period (31.12.2020)	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Non-specialized loans	17.884.849	981.178	129.341	-
Working capital loans	679.014	7.258	16.104	-
Export loans	33.714	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	1.456.238	-	-	-
Consumer loans	384	-	-	-
Credit cards	-	-	-	-
Other	15.715.499	973.920	113.237	-
Specialized loans	1.000.405	150.766	37.673	-
Other receivables	-	-	-	-
Total	18.885.254	1.131.944	167.014	-

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
First and Second Stage Expected Loss Reserves	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Losses	177.914	-	132.139	-
Significant Increase in Credit Risk	-	82.028	-	61.508

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued)

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.c) Loans according to their maturity structure:

Cash Loans Current Period (31.12.2021)	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Short term loans	17.500	42.460	192.116	-
Medium and long term loans	34.319.855	1.962.216	93.922	-

Cash Loans Prior Period (31.12.2020)	Standard Loans	Loans Under Close Monitoring		
		Loans not subject to restructuring	Restructured Loans	
			Loans with revised contract terms	Refinance
Short term loans	289.392	9.226	49.038	-
Medium and long term loans	18.595.862	1.122.718	117.976	-



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

Notes to the Consolidated Financial Statements As of 31 December 2021

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.ç) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards:

Current Period (31.12.2021)	Short Term	Medium and Long Term	Total
Consumer Loans- TL	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans -Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans - TL	-	10	10
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	10	10
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	-	10	10

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Information on loans (Continued):

2.1.ç) Information on consumer loans, individual credit cards, and personnel loans and personnel credit cards (Continued):

Prior Period (31.12.2020)	Short Term	Medium and Long Term	Total
Consumer Loans- TL	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans -Indexed to FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Individual Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Loans - TL	-	385	385
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	385	385
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans- FC	-	-	-
Real estate loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TL	-	-	-
With installments	-	-	-
Without installments	-	-	-
Personnel Credit Cards- FC	-	-	-
With installments	-	-	-
Without installments	-	-	-
Overdraft Accounts-TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	-	385	385



TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Informations on loans (Continued):

2.1.d) Information on commercial loans with installments and corporate credit cards:

The Parent Bank has not granted any commercial loans with installments and corporate credit cards as of balance sheet date.

2.1.e) Loans according to type of borrowers:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Public	-	-
Private	36.628.069	20.184.212
Total	36.628.069	20.184.212

2.1.f) Breakdown of domestic and international loans:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Domestic loans	36.628.069	20.184.212
International loans	-	-
Total	36.628.069	20.184.212

2.1.g) Loans granted to subsidiaries and associates:

TL 3.834 of loan disbursed to Arcak A.Ş., a subsidiary of the Bank, has been followed at Group V. TL 3.834 default (stage III) provision has been provided for this loan.

2.1.ğ) Default (third stage) provisions:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Loans and other receivables with limited collectability	448.302	62.005
Loans and other receivables with doubtful collectability	-	-
Uncollectible loans	80.138	88.373
Total	528.440	150.378

2.1.h) Information on non-performing loans (Net):

2.1.h.1) Information on loans and other receivables restructured or rescheduled from non-performing loans:

	III. Grup Loans With Limited Collectability	IV. Grup Loans With Doubtful Collectability	V. Grup Uncollectible Loans
Current Period (31.12.2021)			
Gross amounts before specific provisions	656.093	-	80.527
Restructured loans	118.530	-	-
Prior Period (31.12.2020)			
Gross amounts before specific provisions	127.479	-	91.032
Restructured loans	-	-	-

TÜRKİYE KALKINMA VE YATIRIM BANKASI A.Ş.
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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Informations on loans (Continued):

2.1.h.2) Information on the movement of non-performing receivables:

	III. Grup Loans and Other Receivables With Limited Collectability	IV. Grup Loans and Other Receivables With Doubtful Collectability	V. Grup Uncollectible Loans and Other Receivables
Prior period end balance (31.12.2020)	127.479	-	91.032
Additions (+)	660.487	-	32.080
Transfer from other categories of non-performing loans (+)	-	-	-
Transfer to other categories of non-performing loans (-)	(2.334)	-	(31.131)
Collections (-)	(11.009)	-	(11.454)
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance (31.12.2021)	774.623	-	80.527
Specific provisions (-)	(448.302)	-	(80.138)
Net balance on balance sheet	326.321	-	389

2.1.h.3) Information on accruals of interest, rediscount and valuation effect and their provisions calculated for under follow-up loans banks which provide expected credit loss according to TFRS 9:

	III. Grup Loans and Other Receivables With Limited Collectability	IV. Grup Loans and Other Receivables With Doubtful Collectability	V. Grup Uncollectible Loans and Other Receivables
Current Period (31.12.2021)			
Interest accruals and rediscount with valuation differences	20.474	-	378
Provision amount (-)	(20.474)	-	(378)
Net Balance	-	-	-
Prior Period (31.12.2020)			
Interest accruals and rediscount with valuation differences	1.142	-	774
Provision amount (-)	(1.142)	-	(774)
Net Balance	-	-	-

2.1.h.4) Information on foreign currency non-performing loans:

The Parent Bank converts the foreign currency loans which become non-performing loans into Turkish Lira at the exchange rates on the date they are transferred to the non-performing loans account and monitors them over their amounts.



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

2. Explanations on financial assets measured at amortized cost (Net) (Continued):

2.1. Informations on loans (Continued):

2.1.h.5) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Grup	IV. Grup	V. Grup
	Loans and Other Receivables With Limited Collectability	Loans and Other Receivables With Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net) (31.12.2021)	326.321	-	389
Loans to Real Persons and Legal Entities (Gross)	774.623	-	80.527
Specific provisions (-)	(448.302)	-	(80.138)
Loans to Real Persons and Legal Entities (Net)	326.321	-	389
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net) (31.12.2020)	65.474	-	2.659
Loans to Real Persons and Legal Entities (Gross)	127.479	-	91.032
Specific provisions (-)	(62.005)	-	(88.373)
Loans to Real Persons and Legal Entities (Net)	65.474	-	2.659
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

2.1.h.6) Net value of collaterals of loans under close monitoring, collateral type and risk mapping:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
Type of collateral	Net Value of Collateral	Loan Balance	Net Value of Collateral	Loan Balance
Real Estate Mortgages (*)	981.315	981.315	619.328	619.328
Vehicle Pledges	-	-	-	-
Cash Collateral (Cash, Marketable Securities, etc.)	-	-	-	-
Pledge on wages	-	-	-	-
Cheque/Notes	-	-	-	-
Other (suretyship, commercial enterprise pledge, export documents etc.)	1.309.399	1.309.399	679.630	679.630
Non-collateralized	-	-	-	-
Total	2.290.714	2.290.714	1.298.958	1.298.958

(*) Between the appraisal and mortgage amount lower one and if these exceed the credit risk, loan amount is taken into account as the net value of the collateral.

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EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (continued):

2. Explanations on financial assets measured at amortized cost (Continued):

2.1. Informations on loans (Continued):

2.1.h.7) Net Value of Collaterals of Non-performing Loans, Collateral Types and Risk Mapping:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
Type of collateral	Net Value of Collateral	Loan Balance	Net Value of Collateral	Loan Balance
Real estate mortgages (*)	846.569	846.569	206.723	206.723
Cash collateral	-	-	-	-
Vehicle pledges	-	-	-	-
Other (suretyship, commercial enterprise pledge, commercial valuable papers etc.)	-	-	3.446	3.446
Non-collateralized	-	8.581	-	8.342
Total	846.569	855.150	210.169	218.511

(*) The loan amount is taken into account as the net value of the collateral, which is lower than the appraisal and mortgage amount or if these exceed the credit risk.

2.1.i) Main principles of liquidating non-performing loans and other receivables:

If there are collateral elements in the fourth section of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Reserved for them, these elements are converted into money as soon as possible as a result of both administrative and legal initiatives and the liquidation of the receivable is provided.

In the case collaterals are not present; the Parent Bank is engaged in substantive intelligence in various periods to determine whether any property holdings are subsequently acquired in order to apply for legal procedures, even if there is evidence of insolvency for the debtor.

Before and after liquidation process; the Parent Bank reviews financial information of the debtor companies. Then, in the case it is agreed that the companies show indications of operating on an ongoing basis and probably are going to have contributions to the economy; the Bank tries to make collections through rescheduling the payment terms.

2.1.i) Explanations on write-off policy:

Within the scope of the "Regulation Amending the Regulation on the Classification of Loans and the Provisions to be Set Aside", which entered into force after being published in the Official Gazette dated 6 July 2021 and numbered 31533, the portion of "Fifth Group-Loans in the Type of Loss" with life-time loss provision for which there is no reasonable expectation of recovery is deducted from records within the scope of TFRS 9 as of the first reporting period following their classification in this group. As of 31 December 2021, the Bank does not have any credits deducted from the records.


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EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. Explanations and Notes Related to Consolidated Assets (Continued):
2. Explanations on financial assets measured at amortized cost (Continued):
2.2.a) Information on government securities financial assets measured at amortised cost subject to repurchase agreements:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Government Bonds	130.919	10.184
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	130.919	10.184

2.2.b) Information on given as collateral or blocked financial assets measured at amortised cost subject to repurchase agreements:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Government Bonds	10.256	10.184
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	10.256	10.184

2.2.c) Information on government securities financial assets measured at amortised cost:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Government Bonds	3.012.392	1.717.342
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	3.012.392	1.717.342

2.2.ç) Information on financial assets measured at amortised cost:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Debt Securities	3.012.392	1.717.342
Quoted on a stock exchange	3.012.392	1.717.342
Unquoted	-	-
Provision for impairment (-)	-	-
Total	3.012.392	1.717.342

2.2.d) Movement of financial assets measured at amortised cost:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Balance at the beginning of the period	1.717.342	1.066.213
Foreign currency differences on monetary assets	1.166.016	391.586
Purchases during the year (*)	139.209	286.145
Disposals through sales and redemptions (**)	(10.175)	(26.602)
Provision for impairment (-)	-	-
Balance at the end of the period	3.012.392	1.717.342

(*) TL 24.329 arises from the rediscount increase in purchases.

(**) Disposals through sales and redemptions TL 1.669 redemptions, TL 8.506 after coupon redemption rediscount and accrued interest reduction amounts.

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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. Explanations and Notes Related to Consolidated Assets (Continued):
3. Assets held for sale and discontinued operations (Net):

None.

4. Information on investments in associates and subsidiaries:
4.1. Information on associates:
4.1.a. If there are associates that are not consolidated in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the relevant Turkish Accounting Standard, the reasons for not consolidation:

Associates that are not included in the scope of consolidation because they are not financial affiliates are valued according to the cost method.

4.1.b. General information on unconsolidated associates:

	Description	Address (City/ Country)	The Bank's share percentage-if different voting percentage (%)	The Bank's risk group share percentage (%)
1	Maksan A.Ş.	Malatya	20	31,14

4.1.c. Financial statement information of unconsolidated associates order above:

(*)	Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Income From Marketable Securities	Current Period Profit/ Loss	Prior Period Profit/ Loss	Fair Value
1	71.872	46.790	5.888	-	-	15.665	9.784	-

(*) The financial information of Maksan A.Ş. are provided from the unreviewed financial statements as of 30 September 2021, the previous period information of profit/loss amounts are provided from the unreviewed financial statements as of 30 September 2020.

4.1.ç. Movement of unconsolidated associates:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Balance at the beginning of the period	18.693	15.960
Movements during the period	(8.574)	2.733
Additions	-	-
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposals	(8.574)	-
IFRS 9 Classification Change	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	-	2.733
Balance at the end of the period	10.119	18.693
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) A liquidation payment was made on 31 December 2021 from Türk Suudi Holding A.Ş., which is one of the associates.

4.1.d. Sectoral information about unconsolidated associates and their carrying amounts:

None.

4.1.e. Information on consolidated associates:

None.

4.1.f. Associates quoted in the stock exchange:

None.


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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. Explanations and Notes Related to Consolidated Assets (Continued):
4. Information on investments in associates (Continued):
4.2. Information on investments in subsidiaries (Net):

The Parent Bank does not have any capital requirement arising from its subsidiaries included in the consolidated capital adequacy standard ratio.

4.2.a. Information on subsidiaries

By the application of the company's Board of Directors and approval the Capital Markets Board (CMB), Kalkınma Yatırım Menkul Değerler A.Ş.'s activities have been temporarily suspended beginning from 31 December 2009. In 2011, the licenses of the company have been cancelled. In the General Assembly held on 20 March 2012, it was resolved to liquidate the company. Since the company is in liquidation process, the Parent Bank has lost control over its subsidiary and net investment value of Kalkınma Yatırım Menkul Değerler A.Ş. in liquidation has been classified as financial assets measured at fair value through other comprehensive income in the accompanying financial statements.

The Parent Bank has 100% participation in Kalkınma Yatırım Varlık Kiralama Anonim Şirketi established on 28 May 2020 with a nominal capital of TL 50, and in Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. established on 17 November 2020 with a nominal capital of TL 1.800.

4.2.a.1. General information on unconsolidated subsidiaries

None.

4.2.a.2. General information on consolidated subsidiaries

	Title	Address (City / Country)	Bank's Share Percentage - If Different, Voting Rate (%)	Bank's Risk Group Share Rate (%)
1	Kalkınma Yatırım Varlık Kiralama A.Ş.	İstanbul	100	100
2	Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş.	İstanbul	100	100

4.2.a.3. Financial statement information regarding subsidiaries in the order above:

(*)	Total Assets	Equity	Fixed Asset Total	Interest income	Securities Income	Current Period Profit / Loss	Previous Period Profit / Loss	Fair Value
1	52	50	-	-	1.882	-	-	-
2	7.667	5.273	731	-	362	2.543	(270)	-

(*) The financial information of Kalkınma Yatırım Varlık Kiralama A.Ş. and Kalkınma Girişim Sermayesi Portföy Yönetimi A.Ş. are provided from the audited financial statements as of 31 December 2021, the previous period profit/loss amounts are provided from the audited financial statements as of 31 December 2021.

4.2.b. Movement of consolidated subsidiaries:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Balance at the beginning of the period	1.850	-
Movements during the period	1.200	1.850
Additions	1.200	1.850
Bonus shares certificates	-	-
Shares in current year profit	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (-) / Cancellation of provision	-	-
Balance at the end of the period	3.050	1.850
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

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EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. Explanations and Notes Related to Consolidated Assets (Continued):
4.2. Information on investments in subsidiaries (Net):
4.2.c. Sectoral information about consolidated subsidiaries and their carrying amounts:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial subsidiaries	3.050	1.850

4.2.d. Subsidiaries quoted on the stock exchange:

None.

4.3. Information on jointly controlled entities (joint ventures):

None.

5. Information on receivables from leasing transactions (Net):

None (31 December 2020: TL 30).

6. Positive differences table for hedging derivative financial instruments:

None.

7. Information on factoring receivables:

Not.

8. Information on tangible fixed assets:

Current Period (31.12.2021)	Real-Estates	Real-Estates held for sale	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	17.552	25.266	739	25.055	68.612
Provision for impairment	-	(1.186)	-	-	(1.186)
Movements during the period					
-Additions	1.412	2.635	136	1.933	6.116
-Disposals (-)	(2.360)	(16.095)	-	(383)	(18.838)
-Transfer from investment properties	-	-	-	-	-
-Provision for impairment (-)	-	-	-	-	-
-Reversal from provision for impairment (-)	-	457	-	-	457
Balance at the end of the period	16.604	11.077	875	26.605	55.161
Accumulated Depreciation					
Balance at the beginning of the period	6.982	486	384	13.435	21.287
Movements during the period					
-Depreciation charge	3.699	-	206	4.159	8.064
-Transfer from investment properties	-	-	-	-	-
-Disposals (-)	(1.693)	(239)	-	(211)	(2.143)
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	8.988	247	590	17.383	27.208
Net book value at the end of the period	7.616	10.830	285	9.222	27.953



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EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

8. Information on tangible fixed assets (Continued):

Prior Period (31.12.2020)	Real-Estates	Real-Estates held for sale	Vehicles	Other	Total
Cost					
Balance at the beginning of the period	135.507	41.582	739	25.974	203.802
Provision for impairment	-	(1.339)	-	-	(1.339)
Movements during the period					
-Additions	1.328	2.109	-	3.874	7.311
-Disposals (-)	(119.283)	(18.425)	-	(4.793)	(142.501)
-Transfer from investment properties	-	-	-	-	-
-Provision for impairment (-)	-	-	-	-	-
-Reversal from provision for impairment (-)	-	153	-	-	153
Balance at the end of the period	17.552	24.080	739	25.055	67.426
Accumulated Depreciation					
Balance at the beginning of the period	91.290	1.814	262	13.450	106.816
Movements during the period					
-Depreciation charge	4.822	-	122	3.769	8.713
-Transfer from investment properties	-	-	-	-	-
-Disposals (-)	(89.130)	(1.328)	-	(3.784)	(94.242)
-Provision for impairment (-)	-	-	-	-	-
Balance at the end of the period	6.982	486	384	13.435	21.287
Net book value at the end of the period	10.570	23.594	355	11.620	46.139

9. Information on intangible assets:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Cost		
Balance at the beginning of the period	26.707	8.945
Movements during the period	-	-
-Additions	8.103	17.762
- Disposals	-	-
Balance at the end of the period	34.810	26.707
Accumulated Amortisation		
Balance at the beginning of the period	8.963	6.860
Movements during the period	-	-
-Amortization charge	3.972	2.103
-Disposals	-	-
Balance at the end of the period	12.935	8.963
Net book value at the end of the period	21.875	17.744

10. Information on investment properties:

None.

11. Information on tax assets:

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE FINANCIAL STATEMENTS (Continued)

I. Explanations and Notes Related to Consolidated Assets (Continued):

12. Information on deferred tax assets:

As of 31 December 2021, the Group has a deferred tax asset of TL 95.678. (31 December 2020: TL 18.054). The deferred tax asset is calculated over the temporary differences formed by the assets and liabilities followed by the book value in the Group's records and their tax base calculated in accordance with the tax legislation. In case the items that constitute the temporary differences are monitored among the equity items, the deferred tax asset/liability calculated over the said temporary differences are associated with the related equity items, and as of 31 December 2021, the Group has no tax assets calculated over the period loss or tax deduction (31 December 2020: None).

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Deferred Tax Assets		
From depreciations	-	169
From severance payments	3.715	2.088
Securities portfolio internal yield-exchange rate difference	2.574	3.058
Actuarial differences	-	82
Financial institutions bills in securities portfolio	4.549	-
Other non-financial treasury bills and government bonds	6.834	-
Personnel bonus premium provision	15.534	5.955
TFRS 9 provision	57.683	12.434
Derivative financial assets	6.582	-
Other	503	416
Total Deferred Tax Assets	97.974	24.202
Deferred Tax Liabilities		
From depreciations	767	-
From interest rediscounts	1.329	1.109
Financial institutions bills in securities portfolio	-	357
Other non-financial treasury bills and government bonds	-	4.499
TFRS 16 leasings	200	174
Other	-	9
Total Deferred Tax Liabilities	2.296	6.148
Net Deferred Tax Assets / (Liabilities)	95.678	18.054

13. Information on liabilities regarding assets held for sale and discontinued operations:

None.

14. Information on other assets:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Inventory	375	165
Prepaid expenses	93.931	53.070
Temporary account debtor	1.164	753
Sundry receivables	214	220
Total	95.684	54.208



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities

1. Information on maturity structure of deposits:

The Parent Bank is not accepting deposits.

2. Information on funds borrowed:

2.a) Information on banks and other financial institutions:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	2.324.263	-	782.206	-
From domestic banks and institutions	-	3.188.998	-	2.011.161
From foreign banks, institutions and funds	-	32.397.674	-	18.969.372
Total	2.324.263	35.586.672	782.206	20.980.533

(*) The securities amounting to TL 4.183.683 (31 December 2020: TL 1.156.749) received from the loan customers to which the rediscount credits obtained from the Central Bank of the Republic of Turkey were used were endorsed to the Central Bank of the Republic of Turkey.

2.b) Maturity structure of funds borrowed:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Short-term	-	208.415	-	94.126
Medium and long-term	2.324.263	35.378.257	782.206	20.886.407
Total	2.324.263	35.586.672	782.206	20.980.533

2.c) Additional information for the areas of liability concentrations:

As the Parent Bank is not authorized to accept deposits, liabilities are composed of funds obtained from domestic and international financial institutions, medium and long term loans and subordinated debt instruments.

Most of the loans from international finance institutions are from World Bank, European Investment Bank, European Commission Development Bank, Islamic Development Bank, The Black Sea Trade and Development Bank, Industrial and Commercial Bank of China and The German Development Bank, Asian Infrastructure Investment Bank and Japan International Corporation Bank. Domestic loans are from the Republic of Turkey Ministry of Treasury and Finance, Central Bank of the Republic of Turkey and Export Credit Bank of Turkey origin.

3. Information on funds provided under repurchase agreements:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Funds Provided under Repurchase Agreements	629.707	-	203.850	-
Total	629.707	-	203.850	-

4. Information on issued securities (Net):

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Asset Backed Securities	51.882	-	-	-
Total	51.882	-	-	-

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

5. Explanations on funds:

Of the TL 1.528.791 which was provided to the Bank (31 December 2020: TL 245.216), TL 100.714 is from the World Bank, TL 559 is from the European Investment Bank, TL 20.510 is from the Treasury and Ministry of Finance, and TL 1.407.008 consists of funds from borrowers and banks.

6. Explanations on financial liabilities at fair value through profit and loss:

None.

7. Negative differences table for derivative financial liabilities

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Forward Transactions	-	-	47	-
Swap Transactions	26.693	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	26.693	-	47	-

8. Information on factoring liabilities

None.

9. Explanations on financial lease payables (Net):

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	Gross	Net	Gross	Net
Less than 1 Year	6.330	5.039	6.573	4.219
1-4 Years	5.766	5.440	11.412	9.356
More Than 4 Years	-	-	-	-
Total	12.096	10.479	17.985	13.575

10. Negative differences table related to derivative financial instruments held for hedging purposes:

The Bank does not have derivative financial instruments held for hedging purposes.

11. Explanations on Provisions:

11.a) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:

None (31 December 2020: None).

11.b) Specific provisions provided for unindemnified non-cash loans:

As of 31 December 2021, the first stage expected loss provision for non-compensated and non-cashed non-cash loans is TL 20.724 (31 December 2020: TL11.047), third stage expected loss provision is TL 1 (31 December 2020: TL 1).



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

11.c) Other provisions:

- As of 31 December 2021, there are 144 lawsuits filed against the Bank and there is a risk amount of TL 11.515. The Bank allocated 1.950 TL lawsuit provision for the lawsuits that are thought to be or are considered to be concluded against.
- The Group accounts for the provisions for employee benefits in accordance with the Turkish Accounting Standards No: 19 and recognizes in financial statements. As of 31 December 2021, the Bank allocated provision for severance pay amounting to TL 10.223 (31 December 2020: TL 6.352), for unused vacation accruals amounting to TL 4.721 (31 December 2020: TL 2.871) and within the scope of TAS 19, employee benefits provision amounting to TL 36.030 (31 December 2020: TL 29.774) has been reserved.

12.a) Information on current tax liability:

12.a.1) Information on tax provision:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Corporation tax and deferred tax				
Corporate tax payable	15.044	-	38.708	-
Deferred tax payable	-	-	-	-
Total	15.044	-	38.708	-

12.a.2) Information on taxes payable:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Corporate tax payable	15.044	38.708
Taxation on income on marketable securities	189	141
Property tax	-	2
Banking insurance transaction tax (BITT)	4.191	1.712
Foreign exchange transaction tax	325	115
Value added tax payable	494	175
Other	2.988	1.659
Total	23.231	42.512

12.a.3) Information on premiums:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Social security premiums- Employee	744	1.009
Social security premiums- Employer	989	1.539
Bank social aid pension fund premium- Employee	-	-
Bank social aid pension fund premium- Employer	-	-
Pension fund membership fees and provisions- Employee	26	-
Pension fund membership fees and provisions- Employer	33	-
Unemployment insurance- Employee	48	72
Unemployment insurance- Employer	103	149
Other	20	-
Total	1.963	2.769

13. Information on deferred tax liabilities:

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

14. Information on liabilities regarding assets held for sale and discontinued operations:

None.

15. Information on subordinated loans

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	2.516.976	-	1.480.186
Subordinated loans	-	2.516.976	-	1.480.186
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	833.881	-	513.057
Subordinated loans	-	833.881	-	513.057
Subordinated debt instruments	-	-	-	-
Total	-	3.350.857	-	1.993.243

16. If other liabilities exceed 10 % of the balance sheet total, name and amount of sub-accounts constituting at least 20 % of grand total:

Other liabilities do not exceed 10% of the balance sheet total.

17. Information on consolidated shareholder's equity:

17.a) Presentation of paid-in capital:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Common stock provision	2.000.000	1.600.000
Preferred stock provision	-	-

17.b) Paid-in capital amount, explanation whether the registered share capital system is applicable for the Bank, if so amount of registered capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered capital	2.000.000	10.000.000

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

Increase Date	Increase Amount	Cash	Income Reserves Subject to Increase	Capital Reserves Subject to Increase
31.12.2021	400.000	100.000	300.000	-

17.ç) Information on additions from capital reserves to capital in the current period:

There is no increase from capital reserves.

17.d) Capital commitments in the last fiscal year and that continue until the end of the following year-ended, general purpose of these commitments and projected resources required to meet these commitments:

The Bank has no capital commitments.



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Notes Related to Consolidated Liabilities (Continued):

17.e) Information on legal reserves:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
I. Legal Reserve	80.133	55.041
II. Legal Reserve	14.471	14.471
Special Reserves	-	-
Total	94.604	69.512

17.f) Information on extraordinary reserves:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Legal reserves that was allocated to be in compliance with the decisions made on the Annual General Assembly	1.315.798	1.183.750
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency capital exchange difference	-	-
Total	1.315.798	1.183.750

17.g) Indicators of the Parent Bank's income, profitability and liquidity for the prior periods and possible effects of these future assumptions based on the uncertainty of these indicators on the Bank's equity:

The Parent Bank's prior year revenues, profitability and liquidity and projections in the future are followed by the relevant units. Considering the current conditions in the country's economy and the Parent Bank's prior year performance; within the framework of forecasts regarding income, profitability and liquidity, it is estimated that there will be no significant problems in the upcoming period.

17.h) Information on preferred shares:

The Parent Bank has no preferred shares.

17.ğ) Information on accumulated other comprehensive income or loss that will be reclassified to profit or loss:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
From associates, subsidiaries and jointly controlled entities (joint ventures)	-	-	-	-
Valuation difference	10.040	(33.299)	4.509	10.405
Foreign exchange difference	-	-	-	-
Total	10.040	(33.299)	4.509	10.405

17.i) Information on minority shares:

None.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Notes Related to Consolidated Off-Balance Sheet Accounts

1. Information on off-balance sheet liabilities:

1.a) Nature and amount of irrevocable loan commitments:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Forward asset purchase and sales commitments	134.930	-
Other irrevocable commitments	268.732	24.399
Total	403.662	24.399

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

As of 31 December 2021, the first stage expected loss provision for non-compensated and non-cash loans is TL 20.724 (31 December 2020: TL 11.047), third stage expected loss provision is TL 1 (31 December 2020: TL 1).

1.b.1) Guarantees, confirmed bills and guarantees assessed as financial guarantees and non-cash loans including other letter of credits:

The Parent Bank has letter of credit commitments amounting to TL 54.972 (31 December 2020: TL 33.822) and guarantees given amounting to TL 328.467 (31 December 2020: None). There are no bank loans.

1.b.2) Definite guarantees, tentative guarantees, suretyships and similar transactions:

Total amount of the Parent Bank's TL letters of guarantee are TL 1.922.408 (31 December 2020: TL 696.834). TL 1 (31 December 2020: TL 3) of this amount is letters of guarantee given to customs and other part is definite letters of guarantees.

1.c.1) Total non-cash loans

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Non-cash loans for providing cash loans	328.467	-
With original maturity of one year or less	-	-
With original maturity more than one year	328.467	-
Other non-cash loans	1.977.380	730.656
Total	2.305.847	730.656


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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
III. Explanations and Notes Related to Consolidated Off-Balance Sheet Accounts (Continued):
1.c.2) Non-cash loans sectoral risk concentrations:

	Current Period (31.12.2021)				Prior Period (31.12.2020)			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	-	-	-	-	1	-	-	-
Farming and raising livestock	-	-	-	-	1	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	53.162	99,98	2.252.675	100,00	54.816	99,98	675.830	100,00
Mining and quarry	-	-	-	-	-	-	-	-
Manufacturing	1	-	54.972	2,44	1	-	33.822	5,00
Electricity, gas and water	53.161	99,98	2.197.703	97,56	54.815	99,98	642.008	95,00
Construction	-	-	-	-	-	-	-	-
Service	10	0,02	-	-	9	0,02	-	-
Wholesale and retail trade	-	-	-	-	-	-	-	-
Hotel and food services	-	-	-	-	-	-	-	-
Transportation and communication	-	-	-	-	-	-	-	-
Financial institutions	10	0,02	-	-	9	0,02	-	-
Real estate and leasing services	-	-	-	-	-	-	-	-
Self-employment services	-	-	-	-	-	-	-	-
Educational services	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	53.172	100,00	2.252.675	100,00	54.826	100,00	675.830	100,00

1.c.3) Non-cash loans classified in group I and II:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	I. Group		I. Group	
Non-cash loans	TL	FC	TL	FC
Letters of guarantee	53.170	1.869.236	54.823	642.008
Letters of credit	-	54.972	-	33.822
Endorsements	-	328.467	-	-

2. Information on derivative financial instruments:

Derivative transactions of the Parent Bank consist of swap purchasing and selling transactions. Swap transactions in TL and foreign currencies are shown in the table below as of 31 December 2021.

	Current Period (31.12.2021)				Prior Period (31.12.2020)			
	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale
TL	-	-	417.572	-	7.424	7.386	-	-
USD	-	-	-	1.289.857	16.582	10.186	-	-
EUR	-	-	846.860	-	2.742	9.141	-	-
Other	-	-	-	-	-	-	-	-
Total	-	-	1.264.432	1.289.857	26.748	26.713	-	-

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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
III. Explanations and Notes Related to Consolidated Off-Balance Sheet Accounts (Continued):
3. Information on contingent liabilities and assets

Istanbul Venture Capital Initiative (IVCI - A Luxembourg Investment Company Fund) is founded as a stock company having variable capital and subject to laws of Luxembourg. The Parent Bank has committed to buy "Group A" shares equal to nominal value of EUR 10 million and to pay this amount at the date determined by Fund according to its investment plan. The Fund's initial capital commitment was EUR 150 Million and its capital was increased to EUR 160 Million with new participants in March 2009. The Parent Bank's participation was approved by the Board of Directors of IVCI on 13 November 2007 and share purchase agreement was signed at of the same date.

The Parent Bank made payment of share capital constituting payments equal to EUR 300.000 on 7 November 2008, EUR 218.750 on 6 July 2009 and EUR 281.250 on 12 November 2010, EUR 167.500 on 15 July 2011, EUR 437.500 on 10 November 2011, EUR 500.000 on 15 February 2012, EUR 500.000 on 25 May 2012, EUR 250.000 on 10 August 2012, EUR 500.000 on 19 September 2012, EUR 500.000 on 18 January 2013, EUR 500.000 on 27 June 2013 and EUR 500.000 on 13 December 2013, EUR 500.000 on 1 August 2014, EUR 500.000 on 29 August 2014, EUR 500.000 on 4 May 2015, EUR 500.000 on 16 October 2015, EUR 500.000 on 3 May 2016 and EUR 312.500 on 30 November 2017, EUR 312.500 on 2 March 2018, EUR 312.500 on 12 December 2018, EUR 980.842 on 13 December 2019, EUR 312.500 on 21 July 2020, the total capital payment is EUR 9.385.842.

With reference to the above capital contributions, out of the Parent Bank's total commitment of EUR 10 million, EUR 9.385.842 have been paid, EUR 614.158 is not yet paid as of the balance sheet date.

The Parent Bank has made an investment commitment of up to 3 Million EURO to 212 Regional Fund II, whose establishment location is Luxembourg, as a limited partner, below 10% of the total fund commitment amount.

The Parent Bank made payment of share capital constituting payments equal to EUR 45.000 on 31 December 2018, EUR 120.000 on 21 January 2019, EUR 330.000 on 21 March 2019, EUR 120.000 on 9 September 2019, EUR 330.000 on 9 December 2019, EUR 300.000 on 4 May 2021, EUR 60.000 on 29 July 2021, EUR 165.000 on 15 November 2021.

Based on the explanations above, the Bank has paid EUR 1.470.000 of the amount of EUR 3 Million committed as of the balance sheet date, while EUR 1.530.000 has not been paid yet.

The Bank has committed to invest TL 25.000 in the Development Participation Venture Capital Investment Fund and TL 15.000 in the Innovative and Advanced Technologies Participation Venture Capital Investment Fund, of which its subsidiary, Development Private Equity Portfolio Management is the founder and manager. On 28 July 2021, capital share payments of TL 295 to the Participation Venture Capital Investment Fund, and TL 131 to the Innovative and Advanced Technologies Participation Venture Capital Investment Fund have been made and as of the balance sheet date, TL 39.574 of the total commitment to these funds has not been paid yet.

The Bank has committed to invest TL 200.000 in the TKYB Capital Fund, of which Turkey Development Fund is the founder and Development Venture Capital Portfolio Management Inc. is the manager. A capital share payment of TL 2.401 was made on 30 September 2021, and TL 297 was paid on 26 November 2021, and as of the balance sheet date, TL 197.302 of the total commitment to the fund has not been paid yet.

4. Services supplied on behalf of others:

The Parent Bank does not act as an intermediary for purchases and sales of securities on behalf of others and provides custody services.



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Consolidated Statement of Profit or Loss:

1.a) Information related to interest income on loans:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Interest on Loans (*)				
Short term loans	4.507	1.168	310	7.874
Medium and long term loans	276.113	1.032.083	57.192	737.021
Interest on non-performing loans	60.092	-	8.734	-
Total	340.712	1.033.251	66.236	744.895

(*) Includes fees and commissions received from cash-loans.

1.b) Information related to interest income on banks:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
From Central Bank of the Republic of Turkey	-	-	-	-
From domestic banks	354.114	18.576	128.562	7.088
From foreign banks	-	13	-	55
From foreign head offices and branches	-	-	-	-
Total	354.114	18.589	128.562	7.143

1.c) Information related to interest income on marketable securities:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Financial assets measured at fair value through profit and loss	-	-	-	-
Financial assets measured at fair value through other comprehensive income	132.322	48.928	87.740	14.757
Financial assets measured at amortised cost	27.699	124.865	15.471	70.455
Total	160.021	173.793	103.211	85.212

1.ç) Information related to interest income from associates and subsidiaries:

None.

1.d) Information on interest income from money market transactions:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Interest received from money market transactions	7.841	-	81	-
Interests received from reverse repo transactions	131.764	-	80.994	-
Total	139.605	-	81.075	-

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Consolidated Statement of Profit or Loss (Continued):

2.a) Information related to interest expense on borrowings:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Banks(*)	175.943	631	8.213	1.172
Central Bank of the Republic of Turkey	175.943	-	8.206	-
Domestic Banks	-	631	7	1.172
Foreign Banks	-	-	-	-
Foreign Head Office and Branches	-	-	-	-
Other Institutions(*)	3.453	592.468	1.061	454.915
Total	179.396	593.099	9.274	456.087

(*) Includes fees and commissions payable to cash-loans.

2.b) Information related to interest expenses to subsidiaries and associates:

None.

2.c) Information related to interest on securities issued:

The Parent Bank has no securities issued.

2.ç) Information related to interest on money market transactions:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Money market transactions	525	-	10	-
Repurchase agreements	39.912	-	5.727	-
Total	40.437	-	5.737	-

2.d) Leasing interest expenses:

	Current Period (31.12.2021)		Prior Period (31.12.2020)	
	TL	FC	TL	FC
Buildings	2.225	-	2.604	-
Vehicles	273	-	457	-
Total	2.498	-	3.061	-

3. Information related to dividend income:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Financial assets measured at fair value through profit and loss	92.330	4.426
Financial assets measured at fair value through other comprehensive income	784	1.035
Other	12.860	95
Total	105.974	5.556


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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
IV. Explanations and Notes Related to Consolidated Statement of Profit or Loss (Continued):
4. Information related to trading income/loss:

	Current Period (31.12.2021)	Prior Period (30.12.2020)
Gain	1.209.889	133.094
Gains on capital market operations	25.397	5.987
Gains on derivative financial instruments	676.760	49.657
Foreign exchange gains	507.732	77.450
Loss (-)	(1.140.736)	(123.031)
Losses from the capital market operations	(5.059)	-
Losses on derivative financial instruments	(677.504)	(113.184)
Foreign exchange losses	(458.173)	(9.847)

5. Information related to other operating income:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Income from sale of assets	60.608	124.013
Reversals from prior years' provisions	32.050	42.625
Other	13.519	9.626
Total	106.177	176.264

In general, the Parent Bank's other operating income consists of expected loss provisions allocated in previous years, stock depreciation provisions, severance pay provisions, premium-dividend provisions cancellations and income from sales of assets.

6. Group's expected credit loss expenses and other provision expenses:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Expected credit loss provisions	488.182	165.986
12 month expected credit loss (Stage 1)	55.057	82.334
Significant increase in credit risk (Stage 2)	20.520	17.989
Non-performing loans (Stage 3)	412.605	65.663
Marketable securities impairment expense	-	-
Financial assets at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	-	-
Subsidiaries, associates and joint ventures provision expenses for impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other provision expenses	44.224	-
Total	532.406	165.986

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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
IV. Explanations and Notes Related to Consolidated Statement of Profit or Loss (Continued):
7. Information related to other operating expenses:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Provision for employee termination benefits ^(*)	5.830	2.166
Provision expense for bank social aid fund deficits	-	-
Fixed assets impairment charges	-	-
Depreciation charges of fixed assets	8.064	8.713
Intangible assets impairment charges	-	-
Goodwill impairment charges	-	-
Amortization charges of intangible assets	3.972	2.103
Impairment charges on investments accounted for at equity method accounting	-	-
Impairment charges of assets that will be disposed	-	-
Amortization charges of assets that will be disposed	-	-
Impairment charges for non-current assets held for sale and discontinued operations	-	-
Other operating expenses	24.789	19.019
Leasing expenses related to TFRS 16 exceptions	107	136
Maintenance expenses	376	650
Advertisement expenses	61	136
Other expenses ^(**)	24.245	18.097
Loss on sale of assets	-	888
Other	24.433	15.038
Total	67.088	47.927

^(*) Provision for Severance Pay and Provision for Short Term Employee Benefits are shown in the Other Provisions line in the profit or loss statement.

^(**) TL 1.367 of other expenses is from cleaning expenses (31 December 2020: TL 2.062), TL 4.497 is from communication expenses (31 December 2020: TL 4.135), TL 610 is from security expenses (31 December 2020: TL 1.818), TL 4.880 is from computer usage expenses (31 December 2020: TL 1.936), TL 275 is from heating, lighting and water expenses (31 December 2020: TL : 1.317), TL 3.909 is from vehicle expenses (31 December 2020: TL 2.976), TL 595 amount consists of dues (31 December 2020: TL 397) and the remaining part to TL 8.112 (31 December 2020: TL 3.456) consists of other miscellaneous expenses.

^(***)The part of the other amounting to TL 12.435 is from taxes, duties, fees and fund expenses (31 December 2020: TL 4.423), TL 5.121 is from audit and consultancy fees (31 December 2020: TL 5.660), TL 3.988 is from BRSA participation share (31 December 2020 : TL 3.143) and the remaining part amounting to TL 2.889 (31 December 2020: TL 1.761) consists of other miscellaneous expenses.

8. Announcement of the fees related to the services received from the independent auditor or independent audit firm:

By the decision of the POA dated 26 March 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below, excluding VAT amounts.

	Current Period (31.12.2021)	Prior Period (31.12.2020)
The Independent audit fee for the reporting period	713	497
Fee for tax advisory services	81	64
Fee for other assurance services	98	47
Fees for services other than independent auditing	-	-
Total	892	608

9. Information related to operating profit/loss before taxes:

As of 31 December 2021, the Group's income before tax from the continuing operations is TL 1.015.023 (31 December 2020: TL 620.451) and the Group has no discontinued operations.



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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Notes Related to Consolidated Statement of Profit or Loss (Continued):

10. Information related to tax provisions for taxes:

As of 31 December 2021, the Group's income tax provision from continuing operations amounting to TL 198.556, (31 December 2020: TL 118.868) consists of TL 257.424 of current tax charge (31 December 2020: TL 143.198), TL 58.868 of deferred tax benefit (31 December 2020: TL 24.330).

11. Information related to net operating income after taxes:

The Group has earned net profit of TL 816.467 from continuing operations between 1 January 2021 and 31 December 2021 (Between 1 January 2020-31 December 2020: TL 501.583).

12. Information on net profit/loss:

12.a) The nature and amount of income and expenses from ordinary banking operations, if their nature, amount and frequency are required for the complete understanding of the performance of the Bank in the current period:

None.

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

There are no changes in accounting estimates.

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

The total amount of other received fees and commissions in the profit or loss statement as of 31 December 2021 is TL 49.183 (31 December 2020: TL 27.439). TL 30.044 (31 December 2020: TL 4.988) of this amount is investment banking services income, TL 8.894 (31 December 2020: TL 139) is loan commitment commissions, TL 3.084 (31 December 2020: TL 3.941) is loan early payment compensations.

As of 31 December 2021, the total amount of other fees and commissions given in the profit or loss statement is TL 15.960 (31 December 2020: TL 10.521). TL 8.037 (31 December 2020: TL 6.803) of this amount is credit guarantee fund limit commissions, TL 3.549 (31 December 2020: 1.486 TL) of this amount is stock market transaction commissions and TL 1.901 (31 December 2020: TL 1.204) is listing fees.

14. Profit / Loss of Minority Rights:

None.

V. Explanations and Notes Related to Statement of Changes in Shareholders' Equity:

In legal records, paid-in capital is TL 2.000.000 (31 December 2020: TL 1.600.000). As of the balance sheet date, the balance of legal reserves is TL 94.604 (31 December 2020: TL 69.512), the balance of extraordinary reserves is TL 1.315.798 (31 December 2020: TL 1.183.750) and the balance of other legal reserves is TL 53.474 (31 December 2020: TL 8.774).

The fair value difference of TL (25.477), which is the entire valuation difference of securities, results from the decrease in value of financial assets reflected in other comprehensive income.

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SECTION FIVE (Continued)

EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and Notes Related to Consolidated Cash Flow Statement:

1. Explanations related to "other" items and "effect of change in foreign currency rates on cash and cash equivalents" in statement of cash flows:

Net cash inflows from the Parent Bank's banking activities amount to TL 362.436 (31 December 2020: TL 1.854.514). TL (393.755) (31 December 2020 TL 1.438.110) of the net cash inflows arising from banking activities is due to the change of active and passive accounts; TL 756.191 (31 December 2020: TL 416.404) arises from operating profit. Funds from which "Net Increase (Decrease) in Other Payables" item, which is included in the exchange of active and passive accounts, originates from changes in repo transactions, various debts, other foreign resources and taxes to be paid, changes in pictures, fees and premiums and is TL 1.462.285 (31 December 2020: TL 471.389). The "Other" item included in the operating profit is composed of items such as wages and commissions, other operating expenses except commercial profit / loss and personnel expenses, and it has been TL (432.408) (31 December 2020: TL(241.961)).

There is cash inflow from financing activities due to cash capital inflow in 2021.

The effect of change in foreign currency rates on cash and cash equivalents is calculated by converting original currencies of cash and cash equivalents into TL using rates for both beginning and end of the period. The effect for the current period is calculated as TL 614.449 (31 December 2020: TL 217.938).

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

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Cash	26.876	24.002
Cash in TL and foreign currencies	10	17
Demand deposits at banks and Central Bank of the Republic of Turkey	26.866	23.985
Cash equivalents	5.030.503	2.446.567
Interbank money market	1.500.000	127.486
Time deposits at banks	3.530.503	2.319.081
Total cash and cash equivalents	5.057.379	2.470.569

The total value of the transactions in prior period is the sum of current periods cash and cash equivalents.

3. Cash and cash equivalents at the end of the period:

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Cash	34.504	26.876
Cash in TL and foreign currencies	24	10
Demand deposits at banks and Central Bank of the Republic of Turkey	34.480	26.866
Cash equivalents	4.227.741	5.030.503
Interbank money market	990.878	1.500.000
Time deposits at banks	3.236.863	3.530.503
Total cash and cash equivalents	4.262.295	5.057.379


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SECTION FIVE (Continued)
EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
VII. Explanations Related to Risk Group of the Parent Bank:

Predicted limitations determined in the Banking Law are maintained through internal regulations in the Parent Bank which has no transactions related to deposit acceptance. For the transactions with risk groups, normal customer relationships and market conditions are taken into account. The Group adopts policies that restrict the balance of transactions with risk groups in total assets and liabilities. Practices are carried out in accordance with this policy.

a) Current Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	3.759	-	-	-	-	-
Closing Balance ^(*)	3.834	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

^(*) TL 3.834 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.834 is set aside for the expected loss in the third stage.

b) Prior Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans	-	-	-	-	-	-
Beginning Balance	1.785	-	-	-	-	-
Closing Balance ^(*)	3.759	-	-	-	-	-
Interest and Commissions Income	-	-	-	-	-	-

^(*) TL 3.759 of loan disbursed to Arıcak A.Ş., a subsidiary of the Bank, has been followed in Group V. For this loan, TL 3.759 is set aside for the expected loss in the third stage.

c) Information on forward transactions, option contracts and similar other transactions between the Parent Bank and its risk groups:

None.

d) Information on remuneration and benefits provided for the senior management of the Parent Bank:

Salaries and dividend paid to members of Board of Directors, Supervisory Board, General Manager and Executive Vice Presidents are presented below.

	Current Period (31.12.2021)	Prior Period (31.12.2020)
Salaries	9.911	8.544
Dividend and fringe benefits	1.825	1.192
Total	11.736	9.736

VIII. Explanations Related to the Parent Bank's Domestic, Foreign and Off-shore Branches and Representatives Offices Abroad:

None.

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Notes to the Consolidated Financial Statements As of 31 December 2021

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SECTION SIX
I. Other Explanations Related to Operations of the Parent Bank:
The summary of information on the Bank's rating by International Rating Agencies:

The international ratings of the Bank are performed by Fitch on 10 December 2021.

	2021	2020
Foreign Currency Commitments		
Long Term	BB-	BB-
Short Term	B	B
Outlook	Negative	Negative
Turkish Lira Commitments		
Long Term	BB-	BB-
Short Term	B	B
Outlook	Negative	Negative
National		
Long Term	AAA(TUR)	AAA(TUR)
Outlook	Negative	Stable
Individual Rating	3	3
Support Points	BB-	BB-

II. Explanations and notes related to subsequent events:

The sale of the Bank's Luxembourg-based 212 Regional Fund II investment to TKYB Capital Fund was made on 3 January 2022 and the remaining commitment of the Bank as of the date of sale was transferred.

The application made by the Bank for the issuance of bonds, bills, and similar debt instruments up to a maximum of 400 million USD or equivalent foreign currency or Turkish Lira in total, to be made through one or more issuances, without public offering abroad, has been approved by the Capital Markets Board on 27 January 2022.



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SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Explanations on Independent Auditors' Report:

The financial statements as of 31 December 2021 were audited by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Independent Auditors' Report dated 8 February 2022 is presented preceding the financial statements.

II. Explanations and Notes Prepared by Independent Auditor:

None.

THE DEVELOPMENT AND INVESTMENT BANK OF TURKEY



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