INTEREST-FREE, SUSTAINABLE DRIVING FORCE FOR TURKEY

KUVEYTTÜRK
PARTICIPATION BANK INC.

Annual Report 2021

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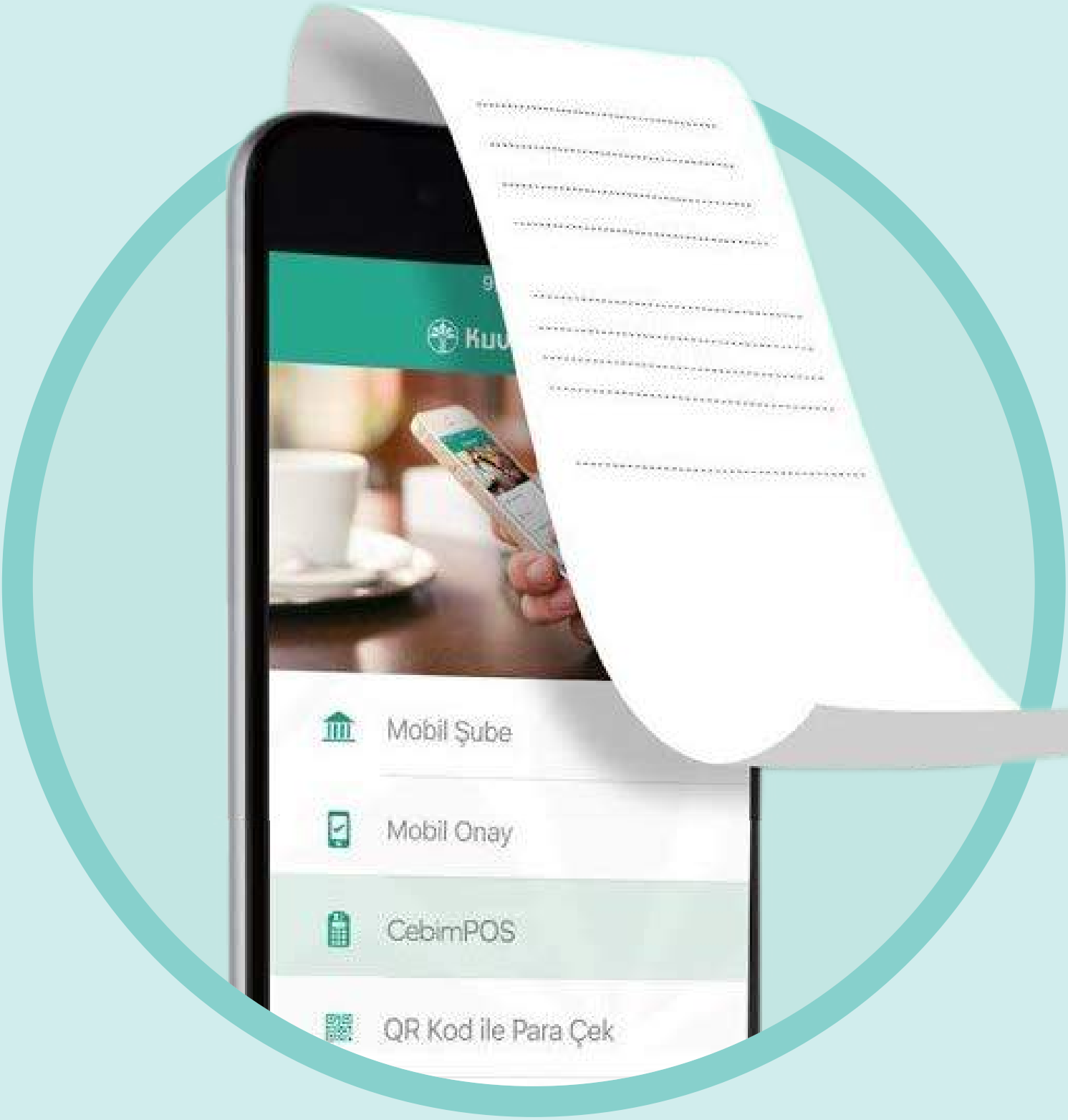
Contact Information and Branch Directory

AT KUVEYT TÜRK, TURKEY'S LEADING PARTICIPATION FINANCE INSTITUTION, WE DEVELOP PRODUCTS AND SERVICES BASED ON THE PRINCIPLES OF PARTICIPATION FINANCE. KUVEYT TÜRK HAS DELIVERED INTEREST-FREE FINANCIAL SERVICES TO CUSTOMERS ACROSS TURKEY FOR THE PAST 32 YEARS. WITH OUR ROBUST CAPITAL BASE AND LIQUIDITY STRUCTURE, WE PROVIDE SUPPORT TO TURKEY'S ECONOMY EVEN DURING THE HARDEST OF TIMES.

DURING THE PANDEMIC, WE INCREASED THE AMOUNT OF FUNDS WE EXTENDED AND SUPPORTED THE REAL ECONOMY. OUR HIGH-QUALITY ASSETS, CONTINUOUS IMPROVEMENT-FOCUSED SERVICE MODEL, ONGOING TECH INVESTMENTS, ACCELERATING DIGITAL TRANSFORMATION, AND OUR EFFORTS TO ENTER OVERSEAS MARKETS SOLIDIFY KUVEYT TÜRK'S POSITION AS THE LEADER OF THE PARTICIPATION FINANCE INDUSTRY.

WORLD'S FIRST SUSTAINABLE SUBORDINATED SUKUK ISSUANCE

In 2010, Kuveyt Türk issued the first sukuk in Turkey and Europe, introducing Turkey to interest-free capital markets. In 2021, we issued a Global Sustainable Tier 2 Subordinated Sukuk, a pioneering transaction both in Turkey and worldwide. The funds raised through certificates will be allocated to green and social initiatives during the term of the sukuk.


Mobil Şube
Mobil Onay
CebimPOS
QR Kod ile Para Çek

2 R&D CENTERS, TECH EXPORTS TO 20 COUNTRIES

As the only financial institution with two R&D centers in Turkey, Kuveyt Türk has focused on technology and innovation for over 10 years. We have developed numerous products to date, including BOA Banking Platform, XTM, Senin Bankan, CebimPOS, Online Finance System, PowerFactor, and API Platform. We export the technologies developed by our subsidiary Architecht to 20 countries worldwide.

REVENUES FROM R&D SALES

TL 62 million

KUVEYT TÜRK SUPPORTS SOLAR POWER INVESTMENTS

Kuveyt Türk champions participation finance and moving toward a sustainable future with the support it lends to SPP projects. We have financed 7% of all solar power plants installed in Turkey. We will stand by all businesses eager to invest in solar power.

NUMBER OF SPPS WE FINANCED

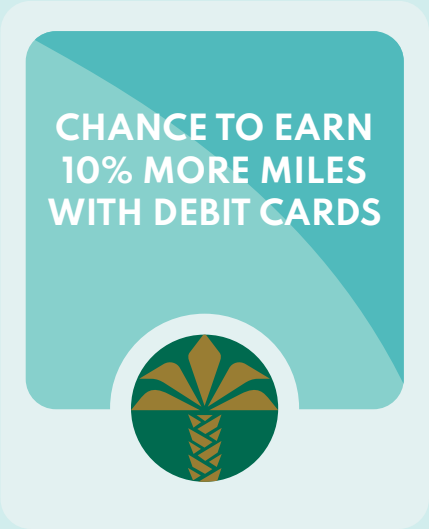
174

TURKISH AIRLINES

TURKISH AIRLINES
Miles&Smiles
KUVEYTTÜRK
Debit
TURKISH AIRLINES
Miles&Smiles
KUVEYTTÜRK
Business
TURKISH AIRLINES
Miles&Smiles
KUVEYTTÜRK
Platinum
5201 8012 3456 7890
08/26
SEDA YILMAZ
TK123456789

INNOVATIVE PRODUCTS AND ADVANTAGES REACHING NEW HEIGHTS

Kuveyt Türk delivers innovative products and services by focusing on customer satisfaction. With the deal we signed with Turkish Airlines and Mastercard, we became the first participation finance institution to join a Miles&Smiles partnership. In addition to Miles&Smiles credit cards for retail and corporate customers, we launched mile-accumulating debit cards – a pioneering step forward in our industry.



“BEST EMPLOYER OF EUROPE”

An expert, well-trained, devoted, young, and dynamic workforce has always propelled Kuveyt Türk forward on its journey to sustainable success. On behalf of them, and on behalf of Turkey, we were presented with a significant title this year. The Great Place to Work Institute, the world’s business culture and employee experience measurement expert, granted us the “Best Employer of Europe” award. We are first Turkish company to receive this distinguished honor.

NUMBER OF EMPLOYEES

6,000+

Great
Place
To
Work.
Europe's Best
Workplaces
2021
TM

Message from the Chairman

OPTIMISTIC YET CAUTIOUS ABOUT NEXT YEAR'S OUTLOOK, OECD EXPECTS THE GLOBAL ECONOMY TO EXPAND BY 5.6% IN 2021 AND 4.5% IN 2022.

Esteemed Shareholders,

2020 was the year when we faced the most severe impact of the pandemic and the global economy seriously contracted. 2021, however, was marked by mass vaccination efforts with economic activity tilting towards normalization after the end of lockdowns. Although pandemic-related risks remained severe due to new coronavirus variants that emerged, this year saw ongoing quantitative easing policies that supported economic activity globally. These policies included interest rate cuts, asset purchases, and credit incentive packages. Economic authorities also were forced to make hard decisions this year.

QUANTITATIVE EASING OF FED AND ECB DRAWING TO A CLOSE

The US central bank (the Fed) and European Central Bank (ECB) shrunk their asset purchase programs incrementally during the year. While reining in their quantitative easing policies, both the Fed and the ECB maintained their cautious stance toward interest rate hikes. According to the Fed, inflation pressure is mounting in the US and is expected to rise until the second half of 2022. As a result, the Fed projects that full employment levels can be reached in 2022.

The European Central Bank, on the other hand, said it would continue asset purchases under the Pandemic Emergency Asset Program (PEPP) worth EUR 1.85 trillion at least until March 2022. As pandemic-induced risks remain uncertain amid new variants, it is essential to closely monitor the moves of economic authorities whose maneuvering space is narrowing.

According to the Interim Economic Outlook Report dated December 2021 by the Organization for Economic Co-operation and Development (OECD), the global economic recovery of 2021 is projected to continue into the coming year. However, the rebound will manifest as different economic realities among businesses and individuals while remaining quite uneven among countries and sectors. Government monetary and financial support policies are likely to be extended in the face of the ongoing extraordinary economic environment. Meanwhile, national healthcare conditions, employment problems, and a severe demand-supply imbalance will hurt national economies, OECD argues. With cautiously optimistic projections, OECD expects the global economy to grow by 5.6% in 2021 and 4.5% in 2022.

The IMF, in its Annual Report 2021, stated that a second Great Depression was averted thanks to USD 16 trillion in fiscal support globally to respond to the impacts of the pandemic. During the pandemic period, the IMF's total lending commitments amounted to more than USD 285 billion. In addition to this lending, IMF also allocated special drawing rights (SDR) worth USD 650 billion this year to improve global liquidity and support the world's economic recovery. With the new variants of Covid-19 and supply problems taken into account, IMF revised its 2021 growth estimates down to 5.9% and 4.4% for 2021 and 2022, respectively. The IMF also underlined the dynamics of inequality between developed and developing countries. In 2022, production levels in advanced economies are expected to surpass pre-pandemic projections, while the developing world is forecast to record a contraction in production. For the coming year, uncertainty persists surrounding the course of inflation driven by the supply-demand imbalance and high commodity prices; supply chain disruptions; and how the pandemic will unfold. Regardless, the IMF expects these issues to dissipate to a certain degree in 2022.

TURKEY REGISTED POSITIVE ECONOMIC GROWTH DESPITE PANDEMIC CONDITIONS

The Central Bank of Turkey (CBRT) underscored the rebound in global economic activity backed by the easing of pandemic-related restrictions, the growing speed of vaccination campaigns, and ongoing supportive economic policies in its reports. CBRT also cited a strong uptick in Turkey's economic activity thanks to resurgent foreign demand and a reviving domestic services sector.

In 2021, Turkey's economy recorded positive growth driven by solid real sector dynamics coupled with the support of its robust banking sector. This year, the banking industry played an active role in combatting the negative impacts of the pandemic, as was the case in 2020. Turkey's banking sector is poised to continue contributing to the real economy as financial activity enters a period of balancing and normalization.

With lockdowns and other measures being gradually eased, economic activity gained speed in 2021. During this time, Kuveyt Türk delivered significant support to the real sector and stood by its retail and corporate clients with its innovative and pioneering products and services.

THE FIRST SUSTAINABLE SUKUK ISSUANCE IN TURKEY AND WORLDWIDE

In 2010, Kuveyt Türk issued the first sukuk of Turkey and Europe, introducing Turkey to interest-free capital markets. Continuing to innovate in sukuk issues, Kuveyt Türk performed the first Global Sustainable Tier 2 Subordinated Sukuk Issuance in Turkey and worldwide. Kuveyt Türk's sustainable sukuk issue, with a 10-year maturity of USD 350 million and an early redemption option at the end of the fifth year, was oversubscribed by more than USD 4.3 billion. The over 150 investor organizations originated across a wide geography, including Europe, United Kingdom, USA, Asia, and the Persian Gulf.

This pioneering transaction is the first sustainable Tier 2 sukuk issuance in Turkey and globally, and the best pricing of a sukuk issued from Turkey since 2017. The groundbreaking issue also enabled Kuveyt Türk to record its highest demand for a transaction and ranked second in demand in issuances among financial institutions in Turkey in 2021. The transaction is fully ESG-structured (Environmental, Social, and Governance) – its key differentiating factor vis-à-vis other sukuk issuances by Kuveyt Türk and the market. As a result, the funds raised through certificates will be allocated to green and social initiatives during the term of the sukuk.

A long-time pioneer of participation finance in Turkey, Kuveyt Türk plans to further expand its contributions to sustainable growth in the economy in the coming year.

Kuveyt Türk's highly competent, well-trained, young, and dynamic employees were the driving force of Kuveyt Türk's success in 2021, as in previous years. I would like to extend my gratitude to you, our esteemed colleagues, for your valuable contributions to our many achievements, and to our stakeholders for your unwavering support.

Kind regards,

HAMAD ABDULMOHSEN AL MARZOUQ
Chairman of the Board of Directors

TOTAL SHAREHOLDERS' EQUITY

TL 10.5 billion

In 2021, Kuveyt Türk boosted its total shareholders' equity by 31% to TL 10.5 billion.

Message from the CEO

IN 2021, KUVEYT TÜRK PLACED FIRST IN THE "5000+ EMPLOYEES" CATEGORY AND RECEIVED THE "BEST EMPLOYER OF TURKEY" TITLE FOR THE FOURTH TIME IN A ROW. IN YET ANOTHER FIRST, THE BANK WAS PRESENTED WITH THE "BEST EMPLOYER OF EUROPE" AWARD.

Esteemed Shareholders,

2021 saw vaccination campaigns gain speed to tackle the pandemic and lockdowns finally come to an end. As a result, global economic activity revived and the recovery outperformed expectations.

Since its founding, Kuveyt Türk has drawn its strength from the solid shareholding structure of its principal shareholders – Kuwait Finance House (KFH) and the Turkish Directorate General of Foundations. In 2021, Kuveyt Türk came to the fore with its outstanding contributions and model practices in the participation finance sector. Kuveyt Türk leveraged its robust capital structure and dynamic corporate governance approach to move forward and add value for its stakeholders. During the year, Kuveyt Türk focused on customer expectations and demands and introduced numerous innovations in parallel with its digitalization approach. While offering innovative solutions to address customers' financial needs, Kuveyt Türk was a reference point and a pioneer for the industry with the strategic partnerships it formed.

SUSTAINABLE AND PROFITABLE GROWTH TREND CONTINUED AMID THE PANDEMIC

For over 30 years, Kuveyt Türk has provided products and services developed in line with the principles of participation finance. In 2021, the Bank boosted its profitability and maintained consistent growth. Kuveyt Türk increased its net profit by 78.7% year-on-year to TL 2 billion 502 million. Funds collected rose by 73.6% compared to the previous year, climbing to TL 212 billion 105 million, while funds extended went up by 56% to TL 123 billion 367 million. Recording TL 10 billion 457 million in shareholders' equity and TL 254 billion 68 million in assets, Kuveyt Türk consolidated its 10th place position in the overall banking industry and its top ranking among participation finance institutions in terms of asset size. By focusing on customer satisfaction and experience, the Bank delivered innovative products and services in 2021. Kuveyt Türk addresses customers' financial needs in a prompt and reliable fashion, via strategic use of digital channels and an advanced technology infrastructure. An expert, well-trained, devoted, young and dynamic workforce was once again the driving force behind Kuveyt Türk's success.

MILES&SMILES COLLABORATION WITH TURKISH AIRLINES

In 2021, Kuveyt Türk added new products and services to its portfolio by focusing on customer satisfaction. Introducing a new service to the participation finance industry, the Bank signed a deal with Turkey's flag carrier Turkish Airlines and Mastercard to become the first participation finance institution to join the Miles&Smiles partnership. This partnership is highly significant in that it shows the level of acceptance that Kuveyt Türk and the participation finance sector at large has reached today. As an innovative practice in the sector, Kuveyt Türk issued debit cards that accumulate miles and offered the opportunity to earn 10% more miles to its debit card customers. In yet another sector first, Kuveyt Türk introduced its Miles&Smiles Business credit card for commercial clients. Miles&Smiles Business credit cards can be used by privately-owned companies and commercial firms for the first time. The Miles&Smiles Business credit card offers the chance to earn higher multiples of miles, taking into account day-to-day needs and corporate spending of commercial clients.

BECOMING A KUVEYT TÜRK CUSTOMER IS NOW EASIER WITH REMOTE ACCOUNT OPENING

On May 1, 2021, Kuveyt Türk enabled remote account opening via video chat. Now, customers do not have to affix a wet signature or visit a physical branch to open a Kuveyt Türk account. This innovative service has the potential to fully transform the dynamics in the industry. With the new service, Kuveyt Türk aims to deliver one of the best customer experiences in remote account opening and provide an uninterrupted, easy, fast and smooth experience to clients.

CURRENCY-PROTECTED AND CONVERSION SUPPORTED TL PARTICIPATION ACCOUNTS

During the year, Kuveyt Türk started to offer two new participation account products, developed in line with interest-free finance principles, to retail customers. The new offerings were introduced pursuant to the Communiqué on Supporting Conversion to Turkish Lira Deposit and Participation Accounts published in the Official Gazette on December 21, 2021 and the Implementation Principles of the Turkish Ministry of Treasury and Finance on Currency Protected TL Time Deposits and Participation Accounts. With its Currency Protected TL Participation Account, Kuveyt Türk offers customers who use their savings as Turkish Lira deposits or convert their foreign currency deposits to TL the opportunity

to protect their savings and deposits against exchange rate fluctuations in accordance with interest-free finance principles, with 3-, 6- and 12-month maturity options. As of December 20, 2021, Kuveyt Türk customers who have deposits in USD, GBP or EUR can convert their savings to Turkish Lira with 3-, 6- and 12-month maturity options and use them in the Conversion Supported TL Participation Account in line with the principles of interest-free finance.

24/7 FINANCE SUPPORT WITH ONSITE FINANCING SERVICE

Kuveyt Türk launched the Onsite Financing service, a new practice in the participation finance industry, to address customers' needs for financing easily and rapidly. This unique offering enables Kuveyt Türk customers to cover their seasonal and high-value expenditures, such as wedding, travel, or home renovations, with financing provided in a greater number of installments in line with the principles of participation finance. Under this system, customers can take out finance promptly for their purchases at contracted merchants via physical or online channels. Kuveyt Türk customers can use the Onsite Financing service based on murabaha (buy in cash, sell on credit), 24/7.

BEST EMPLOYER OF EUROPE: KUVEYT TÜRK

Kuveyt Türk is widely recognized as a standout with its innovative human resources practices for employees. In 2021, Kuveyt Türk topped the list of companies in the "5,000+ Employees" category and was named the "Best Employer of Turkey" for the fourth time in a row by the Great Place to Work Institute. In addition, Kuveyt Türk won the "Best Employer of Europe" award in 2021. Kuveyt Türk is the first and only Turkish company to be named as the Best Employer of Europe. Architecht, a fully-owned Kuveyt Türk technology subsidiary, ranked among the best employers in the category of "50-250 Employees" for the second time this year.

DIGITAL ASSISTANT SELİM GARNERED AN AWARD

The Bank's digital assistant Selim serves customers at www.kuveytturk.com.tr, on the Internet Branch and Kuveyt Türk Mobile. Selim responds to customers' queries instantly, makes financial calculations, and refers customers to relevant menus for their respective transactions on the Bank's digital channels. In 2021, Selim was deemed worthy of the "Best Digital Customer Experience in Financial Services" award at the International Customer Experience Awards.

Kuveyt Türk strives to maintain its leadership position in Turkey's participation finance sector. The Bank is moving forward thanks to its solid capital and liquidity structure, high asset quality, dynamic corporate governance approach, customer service model based on continuous improvement, ongoing technology investments, intensive digital transformation efforts, robust subsidiary network, and expansion into international markets.

UFUK UYAN
Member of the Board of Directors and CEO
Kuveyt Türk Participation Bank

TOTAL ASSETS
TL 254.1 billion

As of year-end 2021, Kuveyt Türk's total assets amounted to TL 254.1 billion.

Agenda of the Ordinary General Assembly

The Board of Directors decided that the Ordinary Annual General Assembly of Kuwait Turk Participation Bank Inc. shall be held on 23 March 2022, at 15:00 o'clock, at Company Head Office, located in Istanbul at Büyükdere Street No: 129/1 34394 Esentepe Şişli, to discuss the following agenda.

AGENDA OF THE ANNUAL ORDINARY GENERAL ASSEMBLY

1. Opening and constitution of the Presidential Board.
2. To grant authority to the Presidency to sign the minutes of the General Assembly and the list of participants.
3. Discussion and approval of the Annual Report for the fiscal year 2021.
4. Discussion and approval of Financial Statements for the fiscal year 2021.
5. Decision on the Board of Directors offer about the profit distribution of the fiscal year 2021.
6. Discussion of independent audit report written by independent auditor for the fiscal year 2021.
7. Acquitting of the Board of Directors related with their efforts in 2021.
8. Discussion and approval of paying salary, attendance fee, bonus, and dividend to the Chairman and other Board Members for their Board Membership and/or other committee memberships.
9. Appointment of the Independent Auditors and determination of the contract period,
10. Providing information by the Board of Directors on external audit in accordance with Banking Law no: 5411 and the related regulations.
11. Discussion and approving of reflecting participation accounts' portion of provision expenses, which set aside according to 19/2 article of Communiqué of "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans of BRSA, to expense accounts. Turkish Commercial Code's related provisions reserved.
12. Authorization of the Board of Directors to compensate the loss if necessary in accordance with the Article 6, paragraph 10 of the Regulation on Procedures and Principles Regarding Deposits, Participation Funds, Escrow and Receivables of Deposits and Participation Funds issued by the BRSA,
13. To grant authority to the Board Members to execute the deals written in the Turkish Commercial Code 395 and 396 Articles.
14. Wishes and proposals.

Amendments to the Articles of Association

No amendment has been introduced to the Articles of Association in 2021.

Kuveyt Türk in Brief

DRIVEN BY THE POWER OF ITS PRINCIPAL SHAREHOLDER, KUWAIT FINANCE HOUSE'S (KFH) WIDE NETWORK OF CORRESPONDENT BANKS, KUVEYT TÜRK SERVES AS A BRIDGE FOR TURKISH INVESTORS WHO DESIRE TO ACCESS GLOBAL MARKETS, THE GULF REGION IN PARTICULAR.

Pursuant to the authorization of the Central Bank of Turkey dated February 28, 1989, the Bank started operations as a Private Finance House on March 31, 1989, under the trade name Kuveyt Türk Finance Institution of Foundations Joint Stock Company. 1999 saw its business operations come under the scope of Banking Law No. 4389 along with other private financial institutions. In 2006, the Bank assumed its current name: Kuveyt Türk Katılım Bankası A.Ş. (Kuveyt Türk).

SOLID CAPITAL STRUCTURE

62.24% of the Bank's shares are owned by Kuwait Finance House, 18.72% by the Turkish General Directorate of Foundations, 9% by the Wafra International Investment Company, 9% by Islamic Development Bank, and the remaining 1.04% by other real and legal persons. With a strong capital structure and an efficient international service network, Kuwait Finance House (KFH) is Kuveyt Türk's largest shareholder and the pillar supporting the Bank's consistent growth performance.

FINANCIAL ROOTS DRIVING INVESTMENTS...

Kuveyt Türk stands out with its strong financial roots coupled with a robust shareholding structure. As of the end of 2021, the Bank holds TL 4.6 billion paid-in capital. Kuveyt Türk's unconsolidated assets reached TL 254.1 billion and total shareholders' equity reached TL 10.5 billion in 2021.

THE BANK SERVING AS A BRIDGE BETWEEN TURKEY AND GLOBAL FINANCIAL MARKETS...

Driven by the power of its principal shareholder, Kuwait Finance House's wide network of correspondent banks, Kuveyt Türk serves as a bridge for Turkish investors who desire to access global markets, the Gulf Region in particular.

Operating since 2002, the Bank's Bahrain Branch contributes to Kuveyt Türk's liquidity management effectively through a strong capacity for access to Gulf funds with a cost advantage. The Bank's presence in the region allows Kuveyt Türk to manage existing correspondent relations and build relations with new correspondent banks for treasury and foreign trade transactions.

KT Bank AG, which commenced operations in 2015 as a wholly-owned Kuveyt Türk subsidiary, contributes to the Turkish economy through providing correspondent services in foreign trade activities in Europe - Germany, in particular - and opening accounts for the purposes of Euro transfers.

The first participation bank in Germany, KT Bank AG will continue its activities with five branches, including the Munich branch opened in February 2020.

KUVEYT TÜRK AND TURKISH AIRLINES JOIN FORCES FOR MILES&SMILES

With the deal signed with Turkish Airlines and Mastercard, Kuveyt Türk became the first participation finance institution to join a Miles&Smiles partnership. In addition to Miles&Smiles credit cards offered to retail and corporate clients, Kuveyt Türk also issued a debit card -- a first in the industry -- that accumulates more miles. Kuveyt Türk also introduced Miles&Smiles Kuveyt Türk Business credit cards, which will be made available for commercial clients. Miles&Smiles Kuveyt Türk Business credit cards can be used by privately-owned companies and commercial firms for the first time. "A new experience, a new you" is the motto Kuveyt Türk has adopted while offering Miles&Smiles cards, which turn every trip into meaningful experiences leaving a mark in people's lives.

DIGITAL TRANSFORMATION ORIENTED HUMAN RESOURCES...

Offering continuous improvement opportunities for its human resources, Kuveyt Türk provides an exceptional customer experience to customers with 6,133 staff at 442 branch locations as of year-end 2021. Investing intensively in its staff, almost all of whom are university graduates, Kuveyt Türk outshines the competition with its well-qualified and experienced human capital.

Kuveyt Türk in Brief

IN 2021, KUVEYT TÜRK INTRODUCED ANOTHER FIRST IN THE AREA OF SUKUKS: THE ISSUANCE OF THE WORLD'S AND TURKEY'S FIRST "GLOBAL SUSTAINABLE TIER 2 SUBORDINATED SUKUK"

FIRST SUSTAINABLE SUBORDINATED SUKUK ISSUANCE IN TURKEY AND THE WORLD

Kuveyt Türk had issued the first Sukuk of Turkey and Continental Europe, thus introducing Turkey with interest-free capital markets. Blazing a new trail in sukuks in 2021, Kuveyt Türk this time conducted the first "Global Sustainable Tier 2 Subordinated Sukuk Issuance" in Turkey and worldwide. Kuveyt Türk's sustainable Sukuk issuance, with a 10-year maturity of $350 million and an early redemption option at the end of the 5th year, received more than $4.3 billion in demand by more than 150 investor organizations in a wide geographical scope including Continental Europe, United Kingdom, USA, Asia, and Gulf. Funds raised through the sustainable Sukuk are allocated to finance green and social projects, renewable energy projects in particular.

A MAIDEN SERVICE FROM KUVEYT TÜRK: ONSITE FINANCING

Standing out with innovative products and services, Kuveyt Türk developed the "Onsite Financing" service to address customers' needs for finance easily and quickly in 2021. Customers may apply for financing online by scanning the QR code through the Kuveyt Türk Mobile app for the purchases they want to make at contracted workplaces and e-commerce sites. Customers whose applications are approved instantly may make their purchases in 36 installments. Onsite Financing service is available 24 hours a day, 7 days a week.

THE FIRST PARTICIPATION FINANCE INSTITUTION FROM TURKEY ADMITTED BY FCI

In 2021, Kuveyt Türk became the first participation finance institution from Turkey to be accepted as a member of FCI, the umbrella organization of financial institutions providing guarantee and collection services for export receivables against goods. Thanks to the new product, which is presented under the name International Supply Chain Finance, Kuveyt Türk will not only provide financing services to customers exporting against goods but will also guarantee their receivables and offer collection services.

FINANCING SUPPORT FOR SPP PROJECTS TO PROMOTE GREEN ENERGY

Kuveyt Türk supports investments in solar power plants in finance to promote renewable energies. As of the end of 2021, 523 MW out of an installed solar power plant capacity of 7,385 MW in Turkey is provided by 174 projects financed by Kuveyt Türk.

PIONEER IN GOLD BANKING

Kuveyt Türk commenced gold banking services in 2007 and started organizing Gold Days to collect gold in 2011. As of the end of 2021, Kuveyt Türk has delivered 21.5 tons of customer gold kept "under the mattress" to the Turkish economy. In addition to holding 13% of all precious metal accounts sector-wide and 54% of such accounts among participation banks, Kuveyt Türk has maintained its lead in this field in 2021. Kuveyt Türk has maintained its lead among banking institutions in Borsa Istanbul (BIST) Precious Metals and Stones Market with its high gold trading volume since 2011. Kuveyt Türk has also maintained its position as the first Turkish bank to join the London Bullion Market Association (LBMA) as an associate and the SGEI (Shanghai Gold Exchange International) as a member in 2021. Kuveyt Türk conducts operations as one of the 74 international members of the Shanghai Gold Exchange (SGEI).

FINTECH ECOSYSTEM AND FINTECH PARTNERSHIPS

As part of its successful digital transformation journey, Kuveyt Türk focuses on open banking and fintech partnerships. The Bank has data-sharing activities with app developers thanks to over 90 APIs provided on the API Market Platform. In an attempt to enhance the collaboration within the fintech ecosystem, the Bank takes an active role in Fintech integrations and partners with fintechs for innovative ideas. While the Lonca Entrepreneurship Center founded in 2017 strongly supports the Turkish entrepreneurship ecosystem, the innovation center Innhouse opened in 2020 aims to generate innovative ideas and projects to shape the finance sector of the future.

AS PART OF ITS PAPER-FREE BRANCH BANKING PROJECT, KUVEYT TÜRK REDUCES THE USE OF PAPER IN FINANCIAL PROCESSES AND PLANTS TREES.

SIGNIFICANT INVESTMENTS BY TECHNO-VENTURE CIF

Techno-Venture CIF, which operates under the umbrella of a Kuveyt Türk subsidiary, KT Portföy, invested in the ventures of Visiomex, Oo-Kuma, BulutKlinik, Pollective, and Otovinn. Kuveyt Türk will continue its growth through the ecosystem of subsidiaries in the coming periods.

NEOVA SIGORTA SHARES ARE NOW WHOLLY-OWNED BY KUVEYT TÜRK

Focusing on sustainable growth, Kuveyt Türk became the new owner of Neova Sigorta, Turkey's first tekâfül (interest-free insurance) company where it previously held 7% of the shares, taking over the remaining 93% of the stake. A significant player in the insurance sector, Neova Sigorta continues its growth as the wholly-owned subsidiary of Kuveyt Türk.

TURKEY'S FIRST FINANCIAL INSTITUTION ENTERING THE "EUROPE'S BEST EMPLOYERS 2021" LIST

Kuveyt Türk was included in the "Europe's Best Employers 2021" list for the second time. The list is maintained by Great Place to Work Institute, one of the world's most prestigious rankings in the field of human resources. Turkey's first financial institution to be included in the list, Kuveyt Türk has become the first Islamic finance bank ever to be on the top of this list in Europe. Kuveyt Türk also won two awards at Turkey's Best Employers 2021, organized by Great Place to Work Institute Turkey. The Bank has won awards for the fourth time in a row.

NEW CAREER MODEL REMOVING TITLES: DEVELOPMENT KITCHEN

Introducing unique human resources practices, Kuveyt Türk has launched Development Kitchen in 2021, a new career model which abolishes titles to help employees write their career "recipes" on their own, gain experiences in different fields, and prepare for the skills of the future. Kuveyt Türk also introduced the Dual Career Structure practices as part of the Development Kitchen. Thanks to these practices, employees will be able to differentiate their career paths by utilizing the Development Basket that contributes to their professional and personal development through certification and learning programs.

BANKING SCHOOL TURNS INTO KUVEYT TÜRK ACADEMY

Kuveyt Türk Banking School was a novel initiative launched by Kuveyt Türk in 2017 in the participation finance sector. With a fresh look and updated training content, the School was renamed "Kuveyt Türk Academy" and re-opened in June 2021. The academy employs a hybrid model involving one-on-one and online training activities.

REFERENCE BOOKS FOR FUTURE GENERATIONS

Acting with the motto "Growing through values that bind us together," Kuveyt Türk has endeavors to promote our cultural heritage. It supports this vision via books, documentaries, and albums that it releases. In an attempt to leave reference materials for future generations, Kuveyt Türk helped publish numerous works including "Disappearing Vocations," "Lost Fountains," "Evliya Çelebi's Hajj Pilgrimage," "The Speech of Birds," "Anatolian Industrial Revolution," "Amir Âteş in 60 Years as an Artist," "Great Mecidiye Mosque and Ortaköy," "The Mark of Hagia Sophia - Military Judge Mustafa İzzet," and -- last but not least -- "In Pursuit of Arts and the Artist" released in 2021. All these precious works are available for users in the form of e-books on the website "We Grow With Our Values" of Kuveyt Türk.

KUVEYT TÜRK'S PAPER SAVINGS TURNING INTO TREES

As part of its Paper-Free Branch Banking Project, Kuveyt Türk reduces the use of paper in financial processes and plants trees. "Paper savings turning into trees" is the approach Kuveyt Türk adopts in its activities as it re-introduces 7-8 years old trees rather than seedlings to nature. The Bank also runs care services for these trees.

Kuveyt Türk in Brief

KUVEYT TÜRK FOSTERS PROGRESS IN THE BANKING INDUSTRY WITH ITS HIGHLY COMPETENT AND WELL-QUALIFIED WORKFORCE.

About Kuveyt Türk

OUR MISSION

To be a bank that adheres to interest-free finance principles; abides by moral values; focuses on customer-oriented banking while adding value for all stakeholders, and embraces corporate social responsibility.

The Kuveyt Türk family conducts all its financial activities within the framework of participation banking principles.

OUR QUALITY POLICY

In line with the principles of participation banking and total quality management, we aim to be an institution that:

Improves the service quality and customer satisfaction,

Leads the banking sector,

Creates value under the leadership of senior management, and

Taps into the ongoing efforts of employees throughout the organization.

OUR SERVICE PRINCIPLES

Kuveyt Türk pursues the following ethical principles to deliver services underpinned by its values:

Reliability
Responsiveness
Sincerity
Solution orientedness

OUR VISION

To be the most reliable participation bank providing sustainable and profitable growth by leading the way in developing interest-free financial services.

Kuveyt Türk fosters progress in the banking industry with its highly competent and well-qualified workforce.

OUR ETHICAL PRINCIPLES

Kuveyt Türk pursues the following ethical principles to deliver services underpinned by its values:

Integrity
Impartiality
Transparency
Confidentiality
Ethical approach

OUR VALUES

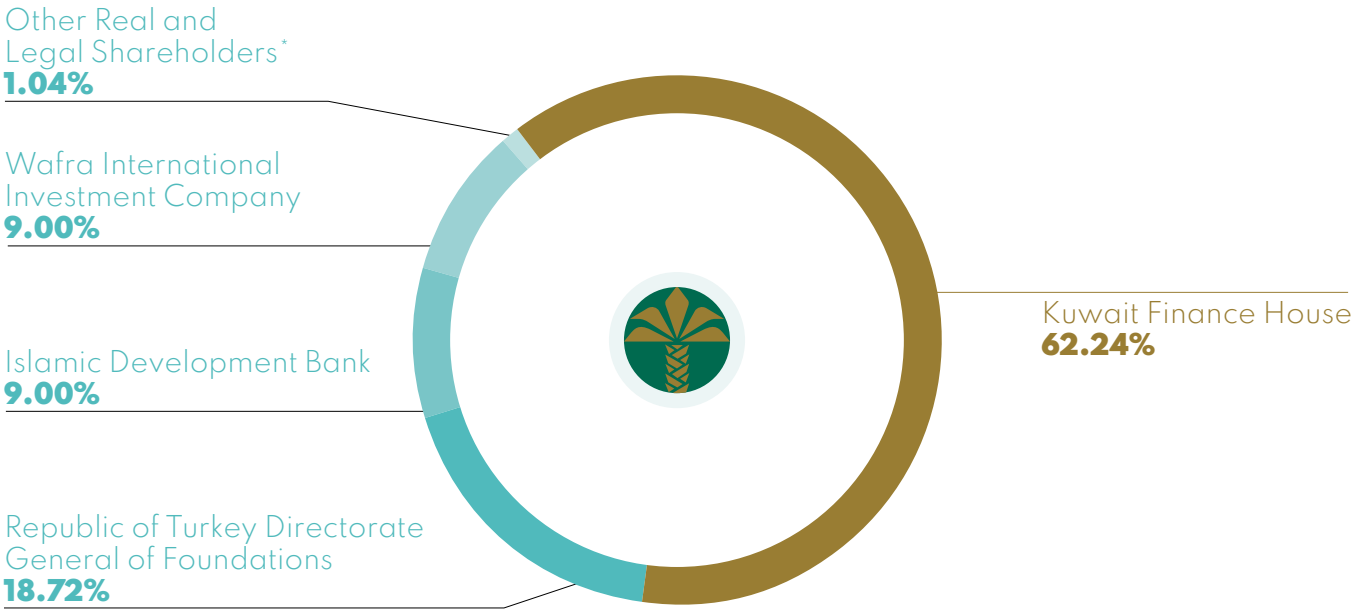
Our values adopted and implemented by our employees who are also responsible for their implementation by others:

Robust banking
Fairness
Trust
Team spirit
Professionalism

Kuveyt Türk in Brief

KUVEYT TÜRK'S PRINCIPAL SHAREHOLDER KUWAIT FINANCE HOUSE IS THE ASSURANCE BEHIND KUVEYT TÜRK'S STEADY GROWTH.

Shareholding and Capital Structure



** The Chairman and Members of the Board of Directors, Audit Committee Members, Chief Executive Officer, and Vice Presidents hold a 0.10% share in the Bank's capital.*

Kuveyt Türk in Brief

WITH ITS NEW LOOK AND UPDATED TRAINING CONTENT, KUVEYT TÜRK BANKING SCHOOL WAS RENAMED AS KUVEYT TÜRK ACADEMY IN 2021.

The Story of 32 Successful Years

1989
Kuveyt Türk was established with the title Kuveyt Türk Evkaf Finans Kurumu A.Ş. on March 31, 1989 under the authorization of the Central Bank of the Republic of Turkey, dated February 28, 1989.

1990
Kuveyt Türk was awarded the Gold Prize for its contributions to the ready-to-wear industry.

Kuveyt Türk's founding capital doubled.

1991
As a result of international banking services provided, the Bank ensured a foreign currency inflow of USD 39 million from exports and invisible items.

1992
State Economic Enterprises were granted their first loan from the Gulf region thanks to Kuveyt Türk. Total funding extended by Gulf nations amounted to USD 50 million.

1993
Kuveyt Türk's Head Office and branches were linked online to each other.

1994
The Head Office moved to its new service building.

The first public housing development project - Huzur - was completed, with the residential units delivered to their owners.

1995
In recognition of its support to exports, the Bank was awarded the Gold Prize by the Association of Istanbul Ready-Made Garment Exporters.

1996
Körfez Gayrimenkul A.Ş. was established as a subsidiary of Kuveyt Türk.

1997
Kuveyt Türk's total branch network expanded to 16 locations.

1998
Kuveyt Türk launched its first credit card.

1999
The Bank started to conduct its business operations subject to Banking Law No. 4389.

2000
The Bank started providing retail banking services.

Kuveyt Türk became the first interest-free financial institution in Europe to receive ISO 9001-2001 Quality Certification.

2001
The Bank introduced the Palmiye Card, the first commercial card with installment payments.

2002
Kuveyt Türk became the first private financial institution to be a direct member of Visa.

2003
To offer interest-free banking services nationwide, Kuveyt Türk reached an agreement with the Turkish Postal System (PTT), which had a network of nearly 1,000 branch locations across the country.

2004
Kuveyt Türk opened its first overseas office in Mannheim, Germany.

2005
The Bank received an achievement award from Istanbul International Finance Forum for its contributions to the interest-free banking sector.

2006
The Bank was renamed as Kuveyt Türk Katılım Bankası A.Ş. (Kuveyt Türk), which is still in use.

The international rating agency Fitch Ratings upgraded Kuveyt Türk's individual rating from "D/E" to "D" and its long-term national rating from "AA (-)" to "AA (tur)."

The four-year, USD 50 million Murabaha syndication secured by Kuveyt Türk for GAP Güneydoğu Tekstil became the longest-term loan secured from Gulf countries at that time.

2007
Kuveyt Türk became the first participation bank to launch foreign currency forward trading with a fixed exchange rate.

As the first and only participation bank on the Istanbul Gold Exchange, Kuveyt Türk started selling gold in grams and thereby took the first step in the field of Gold Banking.

2008
The two-year, USD 200 million Murabaha syndication secured by Kuveyt Türk from banks in the Gulf Region and Europe was not only oversubscribed by USD 265 million but also significantly bolstered the Bank's reputation in international markets. During the year, Kuveyt Türk unveiled a range of innovative products, including Gold Swap, Gold for Gold, and Gold Check.

2009
Between 2008-2016, Kuveyt Türk provided services at the Dubai International Finance Center (DIFC) as a bank subsidiary with a capital of USD 12 million.

The representative office in Germany was converted into a Financial Services Branch.

2010
Issuing the first Sukuk security under the co-leadership of LMH (Liquidity Management House) and Citibank, the Bank introduced Turkey to this financial instrument used widely across the Gulf Region and Malaysia. The three-year, USD 100 million issuances were 1.5 times oversubscribed as a result of ample interest from the world's major financial centers.

2011
In 2011, Kuveyt Türk completed its second Sukuk issuance backed by lease certificates, securing USD 350 million foreign resources for the Turkish economy.

In 2011, Kuveyt Türk became the first Turkish bank, and the world's first participation bank, that was accepted to the London Bullion Market Association (LBMA) as an "associate."

2012
Kuwait Finance House's subsidiary, Liquidity Management House, became one of the three financial institutions to support the Undersecretariat of Treasury in its five-year Sukuk issuance worth USD 1.5 billion - the first of its kind in Turkey. Kuveyt Türk participated in the referenced transaction as co-leader.

Kuveyt Türk was the only bank to receive praise in the 2012 special report of the World Gold Council (WGC) for the diversity of its gold products and services.

2013
In line with its social responsibility mission, Kuveyt Türk launched a fundraising campaign to benefit the Hope Foundation for Children with Cancer (KAÇUV) and to fight against cancer, a growing problem in the country.

Kuveyt Türk's issuance of Sukuks, worth TL 150 million, with a maturity of 364 days, was oversubscribed by more than two-fold.

With the collaboration of Kuveyt Turk Katılım Bankası A.Ş. and Albaraka Türk Katılım Bankası A.Ş., Katılım Emeklilik ve Hayat A.Ş. was established.

2014
Kuveyt Türk completed the XTM project, which offers video chat and self-service transactions at the same time, the first of its kind in the world. This innovative service was offered to customers at 22 locations across Istanbul.

The latest version of Kuveyt Türk's Mobile Branch features new functionality and offerings as well as an enhanced user experience.

Kuveyt Türk became the first bank in Turkey to appoint a Board Member in charge of Ethics.

2015
Kuveyt Türk obtained the required license from BaFin, the German Federal Financial Supervisory Authority, to offer banking services in Germany. KT Bank AG commenced its operations as the first bank in Germany that is engaged in interest-free banking activities.

Kuveyt Türk commenced its Private Banking operations – a first in the participation banking industry in Turkey.

Kuveyt Türk launched "Senin Bankan," the branch-free and fee-free digital banking platform. Senin Bankan represents the next-gen banking approach – merging participation banking principles with innovations and opportunities provided by the internet.

2016
Having issued a subordinated Sukuk loan worth USD 350 million in February 2016, domestic sukuks as public offering worth USD 300 million in May, and international sukuks worth USD 500 million in November, the Bank firmly held on to its position as Turkey's largest Sukuk issuer.

The Turkish Capital Markets Association (TSPB) presented an award to Kuveyt Türk for its operations in the banking industry.

The Bank was designated "Turkey's Best Islamic Financial Institution" by Global Finance, and "Issuer of the Year" by Islamic Finance News.

Kuveyt Türk in Brief

KUVEYT TÜRK LAUNCHED "ONSITE FINANCING" SERVICE AS A MAIDEN PRACTICE IN THE PARTICIPATION FINANCE SECTOR IN 2021.

The Story of 32 Successful Years

2017
Kuveyt Türk launched its new generation retail credit card "Sağlam Kart."

Kuveyt Türk inaugurated the Lonca Entrepreneurship Center to offer start-up companies opportunities and support including training, mentoring, consultancy, and financial investment.

KT Bank AG, the first and only interest-free bank in Germany and the Euro Zone, inaugurated its Cologne branch after the Frankfurt, Berlin, and Mannheim branches.

The only bank in Turkey to boast two R&D centers, Kuveyt Türk inaugurated its second R&D Center in Konya, after the first center in Şekerpınar, Kocaeli.

2018
The Best Workplaces in Turkey 2018 survey by the Great Place to Work Institute named Kuveyt Türk as the "Best Finance Employer" and one of the "Best Workplaces in Turkey."

At the World's Best Banks Awards organized by Global Finance Magazine, which is available in 189 countries, Kuveyt Türk was named "Turkey's Best Islamic Finance Institution." Additionally, Kuveyt Türk's wholly-owned subsidiary KT Bank AG received the award for "Europe's Best Islamic Finance Institution."

The partnership of Kuveyt Türk and Vakıf Participation launched the "Techno-Venture Capital Investment Fund."

Kuveyt Türk achieved significant success by exporting software totaling TL 120 million in a lump. Kuveyt Türk's banking software BOA was used in more than 60 banks in 20 countries including Nigeria, Malaysia, Indonesia, and Egypt.

2019
Kuveyt Türk became the first Turkish institution listed on the Shanghai Gold Exchange.

Renewing its mobile branch, Kuveyt Türk increased users' sign-in security through Face ID and Touch ID features.

With its new mobile app TradePlus, the Bank started to offer 24/5 transaction capability for investment instruments such as investment funds, equities, FX, gold, and silver.

Launched to train middle school students (explorers) on coding and robotics, the 1010 Explorer Project expanded its outreach.

Kuveyt Türk was selected as the "Best Employer of Turkey" by Great Place to Work Institute for the second time in a row.

Trailing yet another blaze in Turkey, Kuveyt Türk utilized artificial intelligence to categorize complaints and standardize complaint handling flows as part of Complaint Handling Management.

The Bank's robotic process automation project was completed, and the first robot commenced activities.

2020
Launching "Digital Explorer" products made of an account, card and application for children, Kuveyt Türk invited children to adopt responsible consumption and parents to guarantee their children's future.

Kuveyt Türk became the new owner of Neova Sigorta, Turkey's first tekâfül (interest-free insurance) company where it previously held 7% of the shares, taking over the remaining 93% of the stake. Neova Sigorta continues growing as a wholly-owned subsidiary of Kuveyt Türk.

Kuveyt Türk introduced the service, "My Collections Secured" to protect everyone, regardless of whether they are the Bank's customers, against possible risks related to car and household trading transactions.

Kuveyt Türk incepted Innhouse, an innovation center that comes to the fore with its distinctive, original, and functional architectural design.

Kuveyt Türk was included in the "Europe's Best Employers 2020" list by Great Place to Work Institute, one of the world's prestigious rankings in the field of human resources. Turkey's first financial institution to be included in the list, Kuveyt Türk has also become the first Islamic finance bank ever to be on this list in Europe.

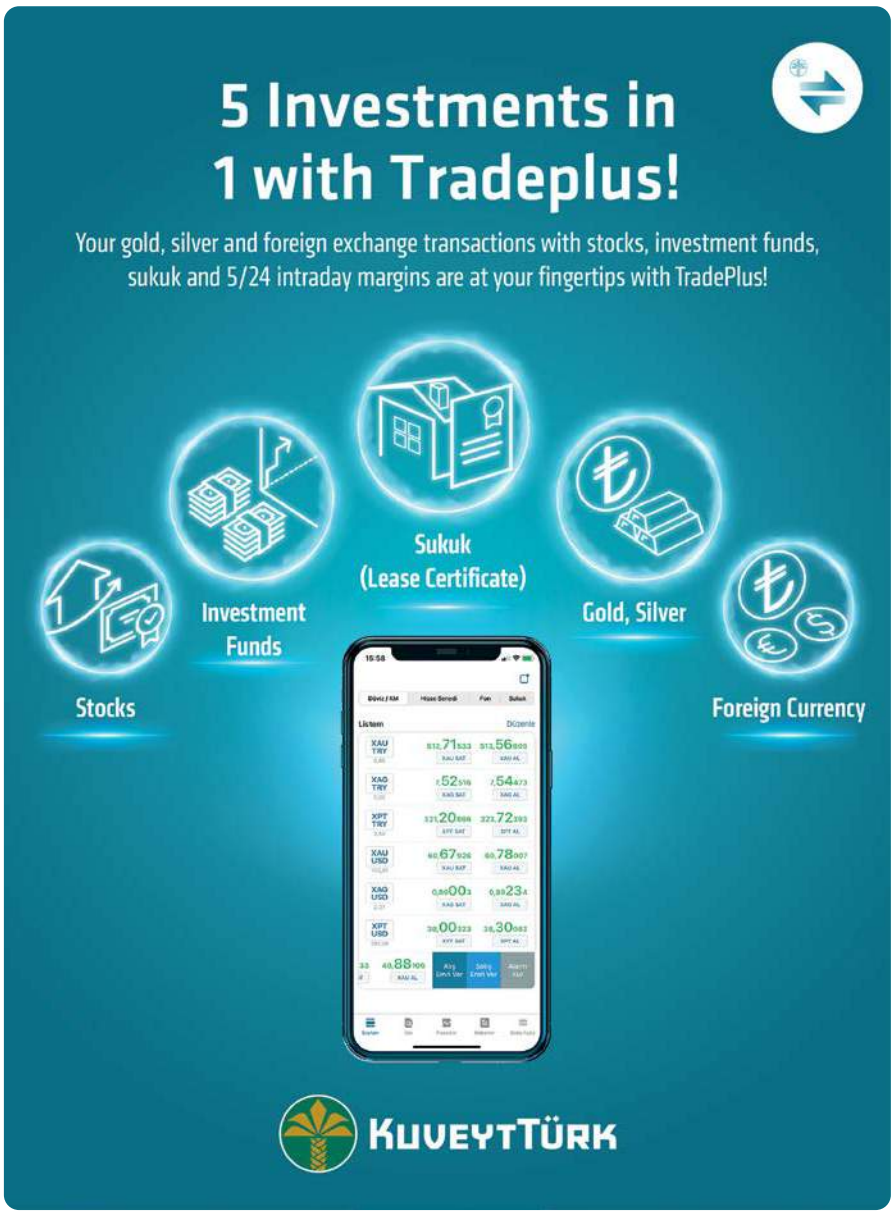
Kuveyt Türk also won two awards at Turkey's Best Employers 2020, organized by Great Place to Work Institute Turkey. The Bank won this award three consecutive times.

Kuveyt Türk Finance Group donated TL 20 million to the National Solidarity Campaign launched to support those in need in the face of the Covid-19 pandemic.

Kuveyt Türk published two new works in 2020. In celebration of composer Hâfız Âmir Ateş's 60 years as an artist, the book dwelled on the artist's life and artworks. The Mark of Hagia Sohpia -- Military Judge Mustafa İzzet introduced readers to the life and artworks of Kazasker Mustafa İzzet Efendi, an expert scribe of the 19th century who inscribed on the famous signs of Hagia Sophia.

Techno-Venture CIF, which operates under the umbrella of a Kuveyt Türk subsidiary, KT Portföy, invested in the ventures of Visiomex, Oo-Kuma, BulutKlinik, Pollective, and Otovinn.

Kuveyt Türk incepted 'Kuveyt Türk Ideathon', the idea contest for university students.



2021

With the deal signed with Turkish Airlines and Mastercard, Kuveyt Türk became the first participation finance institution to join a Miles&Smiles partnership.

Kuveyt Türk introduced yet another first in the area of sukuks and issued a "Global Sustainable Tier 2 Subordinated Sukuk."

The Bank also launched the "Onsite Financing" service, a maiden practice in participation finance sector.

Kuveyt Türk became the first participation bank from Turkey to be admitted to Factors Chain International (FCI), an umbrella organization for financial institutions providing guarantee and collection services for export receivables against goods.

On May 1, 2021, Kuveyt Türk started remote account openings via video chats. This made account openings in regions without a branch possible, while the Bank began to reach wider groups of people. Customers are now able to access Kuveyt Türk's services provided on digital channels anytime and anywhere they wish.

Kuveyt Türk was included in the "Europe's Best Employers 2021" list for the second time. The list is maintained by Great Place to Work Institute, one of the world's most prestigious rankings in the field of human resources. Turkey's first financial institution to be included in the list, Kuveyt Türk has become the first Islamic finance bank ever to be on the top of this list in Europe.

Kuveyt Türk also won two awards at Turkey's Best Employers 2021, organized by Great Place to Work Institute Turkey. The Bank has won awards for the fourth time in a row.

Kuveyt Türk commenced "Development Kitchen," a reference model in the finance industry that abolishes titles and prepares employees for future skills.

With its new look and updated training content, Kuveyt Türk Banking School was renamed Kuveyt Türk Academy.

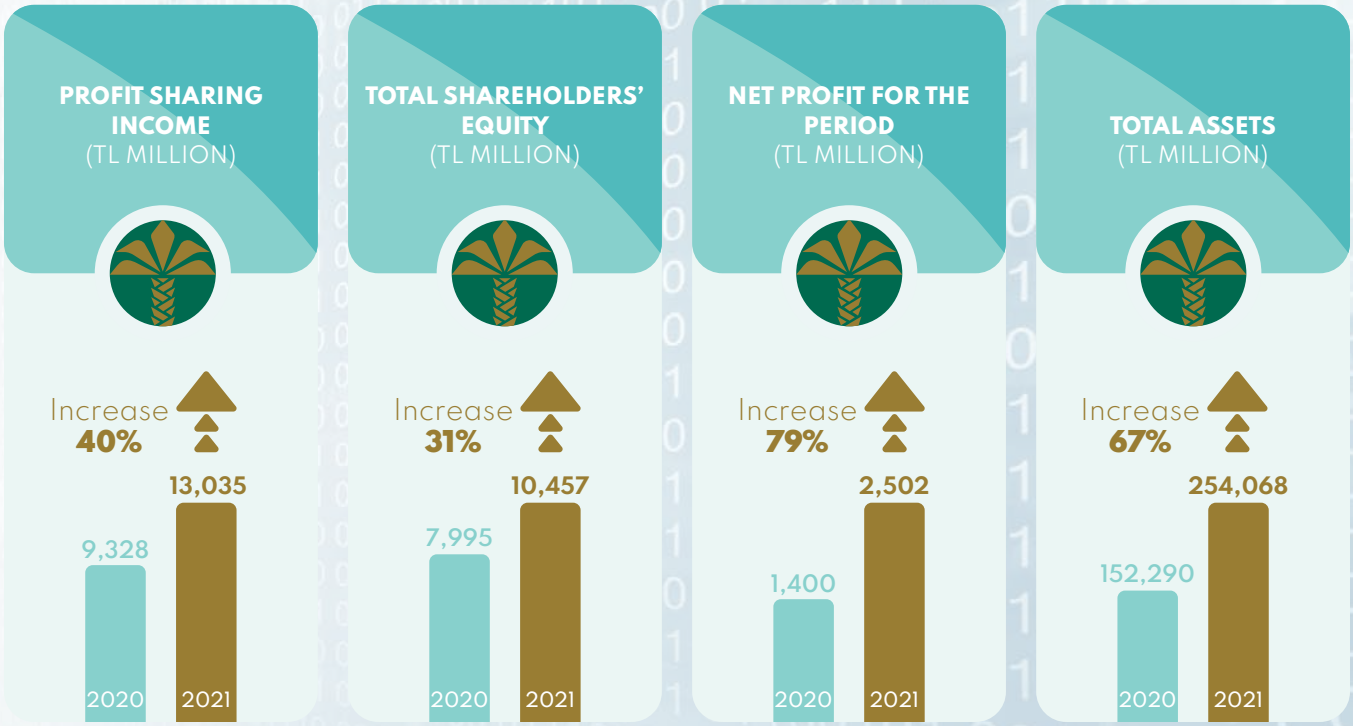
Kuveyt Türk published "In Pursuit of Arts and the Artist" so as to leave reference materials for future generations and contribute to the literature.

Summary of Financial Indicators

KUVEYT TÜRK INCREASED PROFIT SHARING INCOME FOR THE PERIOD TO TL 13,035 MILLION IN THE SUCCESSFUL YEAR OF 2021.

Summary of Financial Indicators (TL thousand)*	2020	2021
Profit Sharing Income	9,327,690	13,035,305
Profit Sharing Expense (-)	3,118,614	5,404,863
Net Fee and Commission Income	350,721	577,758
Other Revenues	1,219,495	3,092,270
Other Expenses	5,926,609	7,753,104
Tax Provision (-)	452,402	1,045,639
Net Profit for the Period	1,400,281	2,501,727
Total Assets	152,290,315	254,068,260
Total Shareholders' Equity	7,995,097	10,456,853
Capital Adequacy Ratio (%)	21.26	23.05

** Unconsolidated figures.*


PROFIT SHARING INCOME
(TL MILLION)
Increase
40%
9,328
13,035
2020
2021
TOTAL SHAREHOLDERS' EQUITY
(TL MILLION)
Increase
31%
7,995
10,457
2020
2021
NET PROFIT FOR THE PERIOD
(TL MILLION)
Increase
79%
1,400
2,502
2020
2021
TOTAL ASSETS
(TL MILLION)
Increase
67%
152,290
254,068
2020
2021

Awards

SHINING OUT WITH INNOVATIVE PRODUCTS AND SERVICES, KUVEYT TÜRK WON THREE AWARDS AT THE IDC FIN-TECH TECHNOLOGIES OF TURKEY AWARDS ORGANIZED UNDER IDC FINANCE SUMMIT 2021.

We effectively deliver outstanding financial products and services to savers and investors. Meanwhile, we "grow through values that bind us together," carrying out corporate social responsibility projects for the protection, development, and promotion of Turkey's local and national values, and supporting the social responsibility projects organized by non-governmental organizations.

In 2021, we were deemed worthy of numerous prestigious awards in Turkey and Europe thanks to the invaluable members of the Kuveyt Türk family. Each and every award presented to us is an embodiment of what we have achieved together and how much we deserve praise for it. Without a doubt, it has been over 6 thousand employees and all stakeholders, bound with shared ideals and ambitions, who carried us where we are today.

I wholeheartedly believe that our services for our customers and social responsibility efforts for our society will bring along many more awards in 2022 and thank, from the bottom of my heart, everybody who made an effort for us to be recognized with these awards.

Kind regards,

UFUK UYAN
Member of the Board of Directors and CEO

AWARDS IN 2021

Kuveyt Türk Chosen Turkey's Best Employer for the Fourth Time in a Row
Standing out with unique human resources practices, Kuveyt Türk garnered awards at Best Employers of Turkey 2021 organized by Great Place to Work Institute. Coming first in the "5000+ Employees" category, Kuveyt Türk has been named the "Best Employer of Turkey" for the fourth time in a row. In addition, Architecht, a fully-owned Kuveyt Türk technology subsidiary, ranked among the best employers in the category of "100-250 Employees" for the second year. Kuveyt Türk also won the finance sector special award, recognized as the best in finance.

Kuveyt Türk Tops the List as Europe's Best Employer!
"People First, Employees First" is the principle behind the business processes of Kuveyt Türk which garnered a significant award for Turkey in 2021. The Great Place to Work Institute, recognized as one of the world's business culture and employee experience measurement authorities, granted Kuveyt Türk the Best Employer of Europe award. This made Kuveyt Türk the first and only Turkish company to be chosen as the Best Employer of Europe.

Kuveyt Türk and KT Bank AG -- the Best Financial Institution in Turkey and Europe, respectively.
Turkey's leading participation finance institution Kuveyt Türk and its subsidiary KT Bank AG in Germany were granted awards at the World's Best Bank Awards organized by New York-based Global Finance Magazine with a readership in 189 countries. Kuveyt Türk garnered "Turkey's Best Islamic Financial Institution" title, while its wholly-owned subsidiary KT Bank AG was named the "Best Islamic Financial Institution of Europe."

Three Awards at IDC Turkey Financial Technologies Awards 2021
Shining out with innovative products and services, Kuveyt Türk won three awards at the IDC Turkey Financial Technologies Awards organized under IDC Finance Summit 2021. Kuveyt Türk's XTM concept, which serves in sign language for the hearing impaired, was granted the gold award, while its Digital Explorer, designed to equip children with financial literacy and a savings awareness, was presented a silver award. Kuveyt Türk's wholly-owned subsidiary Architecht, in the meantime, won a gold award with its Airplatform solution.

Digital Assistant Selim presented the Silver Award
Kuveyt Türk was granted the silver award with its Digital Assistant Selim project at the International Customer Experience Awards. Digital assistant Selim, co-developed with Sestek, was granted the "Best Digital Customer Experience in Finance" award.

Best Human Resources Strategy Award to Kuveyt Türk
Included in the big brands category at the globally prestigious HR Excellence, Kuveyt Türk was granted an award for its human resources strategy.

MT Program Is the Runner Up in the Banking Industry
In the contest with the best talent programs as contenders at Top Talent, Kuveyt Türk ranked among the top ten in all industries and came second in the banking industry with its MT program where it raises future leaders.

The Gold Prize from Brandon Hall to Kuveyt Türk Academy
Working with the motto, "in the flow and agile," Kuveyt Türk Academy now has yet another award-winning program. In 2020, the Academy had garnered 10 different awards at Brandon Hall Awards, one of the most prestigious awards in the world. In 2021, D3 Academy, which was developed for the internal audit board, was granted the gold prize in the "Best Talent and Skills Development Program" category.

Silver Award from TEGEP to Kuveyt Türk Academy
Kuveyt Türk's banking transactions simulation was deemed worthy of the silver award in the "Best Digital Solution in Education" category at TEGEP Learning and Development Awards 2021.

Special Award to Kuveyt Türk at Social Media Awards!
Kuveyt Türk won the silver award in the participation banks category at the 2021 edition of Social Media Awards Turkey, the broadest contest organized in this field in Turkey.

Turkey's Most Ethical Company for the 7th Time
Kuveyt Türk cares about ethical values and always puts ethics on top of the agenda with its ethical code practice. Hence, it was listed by the Ethical Values Center Association (EDMER) among the Most Ethical Companies in Turkey for the seventh time.

Macroeconomic and Sector Outlook

THE GLOBAL ECONOMY, THAT CONTRACT BY 3.3% IN 2020, IS PROJECTED TO GROW 5.5% IN 2021

2020 was a year when the virus had its impact felt the hardest while many countries delivered a negative growth performance. Central banks of developed and developing economies introduced quantitative easing methods, including interest rate cuts, asset purchases, and credit incentive packages to curb the impact of the pandemic on economic activity. Starting from Q1 2021, vaccination programs gained pace, bringing an end to strict social isolation measures and lockdowns, thus giving a re-boost to global economic activity, and resulting in an economic recovery above expectations in all countries. Economies that faced tough times in 2020 are projected, with the base effect, to reach high positive growth figures at the end of 2021.

GLOBAL GROWTH PROJECTIONS

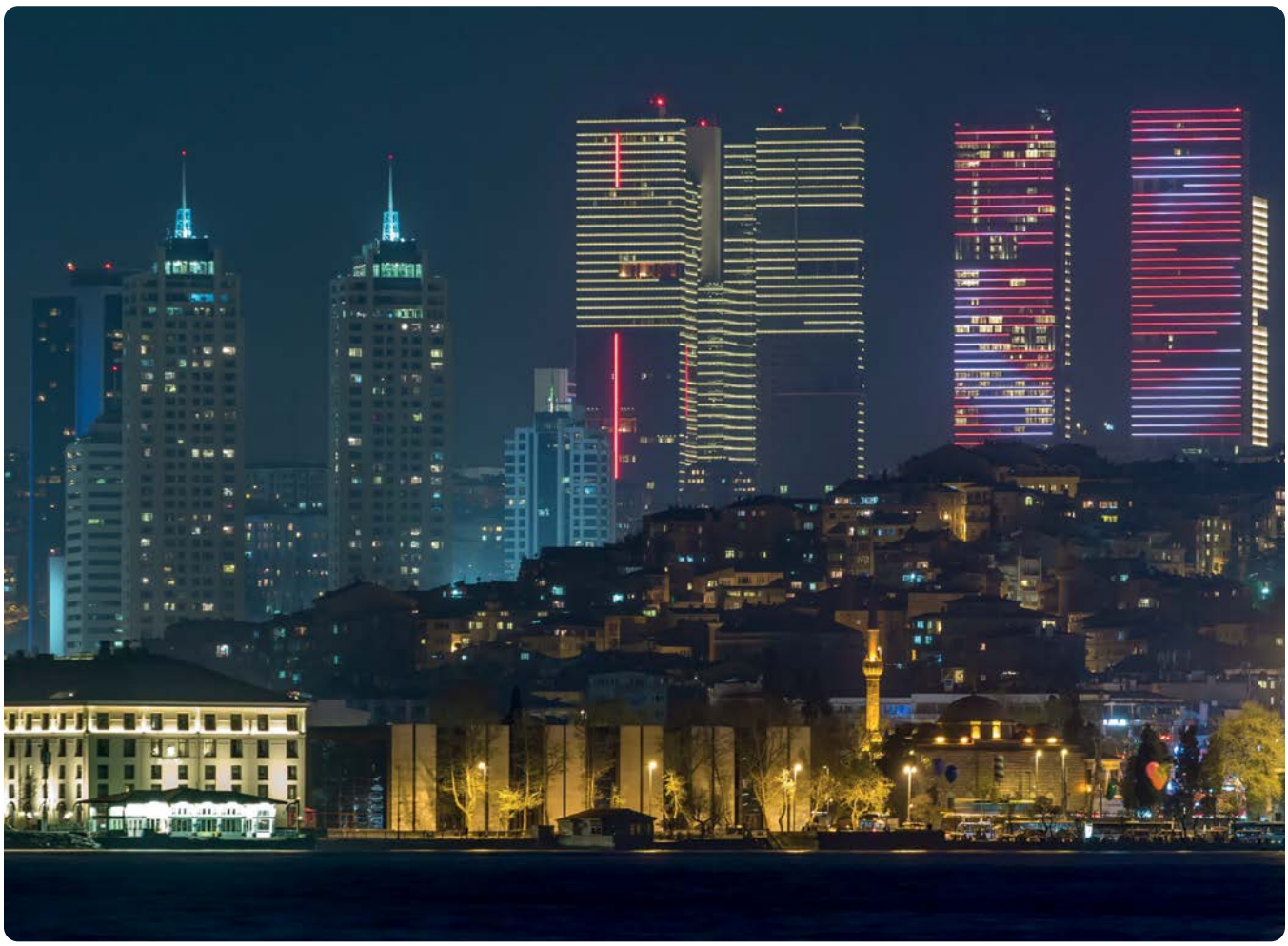
The World Bank revised its growth prospects downward due to supply bottlenecks and new variants of the coronavirus, with 5.5% for 2021 and 4.1% for 2022. Similarly, the International Monetary Fund (IMF) expects the global economy to decelerate in 2022 to 4.4%, after a rebound to 5.4% in 2021. IMF refers to inflationary pressures as a factor that complicates the outlook in the US and Eurozone. Reports also underline the risk of dissipating economic revival and a resulting inflationary tide in a scenario where the European Central Bank (ECB) opts for interest rate hikes and the US Central Bank Fed, which has already come to the end of QE policies and reduced asset purchases, fully ends asset purchases.

HIGH INFLATION A GLOBAL THREAT

Production that stalled amid lockdowns, supply-demand imbalances, rising energy and commodity prices, and high inflation looming over developed and developing economies alike, push central banks to roll the sleeves for monetary tightening policies. While Fed signals the end of the road by reducing asset purchases, ECB points to March 2022 to end asset purchases. IMF expects, for many economies, inflation rates to peak by the end of 2021 and get back to normal in mid-2022.

GLOBAL TRADE

Despite temporary lockdowns, trade volume is projected to go up by 10.8% globally in 2021, according to the World Trade Organization (WTO). A 4.7% growth is anticipated for 2022. Future supply bottlenecks will have a limited impact on global trade, WTO argues, referring to the impact of new variants on the course of the pandemic as the greatest risk factor facing global trade.



THE OUTLOOK OF TURKISH ECONOMY IN 2022

In a post-pandemic period where macroeconomic balances have changed, Turkey's economy has seen inflationary pressures due to its internal dynamics. On the other hand, the economy delivers a significant growth performance in 2021, with 22% recorded in the second quarter and 7.4% in the third quarter. A positive outlook is visible for the current deficit, thanks to growing foreign demand and support extended to exporters.

As 2022 is on the horizon, the impact of recent volatility in foreign exchange on macroeconomic and financial stability is monitored closely. Foreign demand is expected to be the defining factor for growth in 2022, during which a stronger improvement in the current account balance driven by high export figures is expected as well.

BANKING INDUSTRY

In a period where global economic balances take a new shape, the banking industry is getting back to normal, albeit with the marks of the pandemic, in late 2021. The financial performance to be delivered by the industry in 2022 will be in parallel with macroeconomic dynamics. Export and manufacturing industries, manufacturing of import replacement products, in particular, are envisaged to be on the fore as revealed by the current macroeconomic outlook in 2022. The banking industry will continue to extend the support required for commercial clients and meet the financing needs of individual consumers and the real economy.

When other dynamics impacting the banking industry alongside macroeconomic conditions are taken into account, the most important items on the 2022 agenda for the industry will be tech investments, customer experience and human resources' skills. Lean, quick, and solution-oriented experiences that banks will provide to clients will be much more important considering that FinTechs, which already operate in rather specific fields, as well as digital banks, will make an entrance to the industry. Focused on a specific field with highly agile structures, these small initiatives push banks, which have cumbersome corporate structures, to act more innovatively and flexibly. This occasionally results in partnerships or acquisitions.

Banks must make necessary tech investments and have the human resources capable of using such technologies most effectively if they want to adapt themselves to this innovative, flexible and agile environment. Digital transformation has turned the page in this industry and showed a new direction to the banks that have boasted broad product ranges and high customer numbers to date. This alone signals a more dynamic banking sector for 2022.

Kuveyt Türk's Position in the Industry

KUVEYT TÜRK AIMS TO BE THE BANK OFFERING THE BEST CUSTOMER EXPERIENCE BY PROVIDING AN UNINTERRUPTED, SIMPLE, QUICK, AND SMOOTH EXPERIENCE TO CUSTOMERS.

Kuveyt Türk maintained its 10th place in the banking sector and strengthened its lead in the participation banking sector in terms of asset size. While ranking among the top ten banks in the overall banking industry, Kuveyt Türk also navigates highly competitive market conditions driven by digital start-ups with an impact on the industry and preserves its sustainable, profitable growth performance. The Bank has set strategic objectives for 2025 under three headings -- customer, digital, and financial health -- taking the competitive environment into account.

Kuveyt Türk has placed customers at the center of all its operations. In a new period when banks are able to open accounts remotely via video chats, Kuveyt Türk aims to offer the best customer experience in Turkey by providing an uninterrupted, simple, quick, and smooth experience. The Bank also strives to get to know more customers closely through broadening its customer base and deepening their interaction with the Bank.

Adopting a digital focus, monitoring technology trends and improving operational efficiency, broadening digital product range and boosting digital skills, and pioneering the industry in next-gen banking through API integrations have been set as sub-set of strategies.

The plan is to continue investments in unique digital experiences for customers, while it is a priority to further improve tech solutions such as biometric security systems, chatbots, and voice technologies. Data-driven business models of the future are developed at Kuveyt Türk, which makes the most effective use of data in all decision-making mechanisms.

Kuveyt Türk focuses on sustainable, profitable growth in pursuit of its strategy to maintain its financial achievements. Adopting a prudent approach in terms of asset quality and liquidity, the Bank strives to set itself apart from the competition in this area. It also channels resources to address the urgent needs of the real economy, thus delivering an added-value banking performance and profitable balance sheet management, and preparing for the future in the best manner.

MARKET SHARES

	Banking Industry		Participation Banking	
	December 2020	December 2021	December 2020	December 2021
Total Assets	2.49%	2.76%	34.84%	35.42%
Funds Extended	2.03%	2.33%	30.92%	31.43%
Funds Raised	3.37%	3,83%	37.16%	37.54%

Retail Banking

KUVEYT TÜRK DELIVERS ITS PREMIUM QUALITY PARTICIPATION BANKING SERVICES TO CUSTOMERS IN ALL PARTS OF TURKEY THROUGH ITS BRANCH NETWORK WITH HIGH GEOGRAPHICAL COVERAGE.

NUMBER OF RETAIL CUSTOMERS

5.7 million

Kuveyt Türk raised the number of retail customers to 5.7 million in 2021.

Expense-free banking is the approach Kuveyt Türk adopts while delivering innovative products and services to retail customers in line with its ethical values. The Bank delivers its premium quality participation banking services to customers in all parts of Turkey through its branch network with high geographical coverage and remote account opening. During the reporting period, Kuveyt Türk earned 526,362 new customers, and raised the number of retail customers by 10% to 5.7 million as of the end of 2021.

RETAIL MARKETING

"A New Experience, A New You" with Kuveyt Türk Miles&Smiles

In 2021, Kuveyt Türk signed a deal with Turkish Airlines (THY) and Mastercard for the cards of THY's frequent flyer program Miles&Smiles. The Bank became the first participation finance institution to join a Miles&Smiles partnership. As part of this deal, Kuveyt Türk cards are delivered to customers, while the Bank's customers are able to earn miles on their spending and buy free Turkish Airlines flight tickets with these miles.

"Card Payment Systems Transformation" is a project carried out to replace the Bank's currently outsourced card payment systems infrastructure with a new structure the software of which is developed internally (i.e. by in-house resources). Covering all processes end to end, i.e. from card applications to legal proceedings, this new structure is now up and running on the BOA banking platform.

Card applications can now be filed on Kuveyt Türk Mobile, which improves the experience and makes it easier for customers to reach the Bank's services in a rapidly digitizing world. Prompt response is delivered on the outcome of these applications.

By taking customers' needs into account, a Post-Transaction Installment infrastructure was developed to enable customers to split their spending into installments without late interest and fee on Kuveyt Türk Mobile.

To improve operational processes, integrations with new suppliers with respect to printing and statement deliveries were made.

Sağlam Kart website was revamped with a modern and user-friendly design to deliver a better customer experience. Customers are now able to reach the campaigns and new benefits of Sağlam Card, which always stands by them, easily via the website.

In 2021, enhancements on Sağlam Debit Card, Kuveyt Türk's debit card, continued, while customers who apply for a card were enabled to reach card details and start shopping instantly. Customers joining Kuveyt Türk's clientele via video chat features are now free of the hassle to wait for a courier, because they are able to view their automatically-generated card details to start shopping.

Developing services in the field of individual financial needs, Kuveyt Türk continues to introduce innovations focused on customer experience in the İhtiyaç Card product that is available for almost a decade. Onsite Financing, a newly deployed product, also helps customers take out Finance for Individual Needs at the moment of spending.

Easy Addressing, FAST and QR cash transfer began at Kuveyt Türk in 2021

Easy Addressing Service is a system that matches customers' account numbers with their mobile phone number, Turkish ID number, Tax ID number, passport number or e-mail address, allowing them to use it instead of an IBAN and thus making transfer of funds easier. Easy addressing and updating services are now provided at the Internet branch, Kuveyt Türk Mobile, XTM and all physical branches of the Bank.

Instant and Continuous Transfer of Funds (FAST) is a system that allows quick and easy transfer of funds among different bank accounts 24/7. Completing the integration with FAST in 2021, Kuveyt Türk now allows customers to transfer funds of up to TL 2,000 instantly, and 24/7.

After integration with the funds transfer system via QR code in 2021, customers can create QR codes to make payments and receive fund transfers, and easily transfer funds quickly and via QR codes generated.

Highlight Campaigns

Sağlam Card

With their Sağlam Card credit cards, Kuveyt Türk customers continued to benefit from free-of-charge 5 installments for their education and healthcare spendings as they needed, without having to pay a credit card fee. In addition, post-transaction installment campaigns were launched that allowed customers to split their spending into installments after the transaction without a fee. Changes were introduced to the Gold Point, and campaigns titled "Gold Opportunities" were organized monthly offering customers the chance to earn Gold Points of up to TL 100 in different sectors.

Miles&Smiles

Miles&Smiles cardholders are provided with an exceptional experience thanks to installment and extra mile earning campaigns. Customers can pay their transactions in the amount of TL 1,000 to TL 30,000 in up to five interest-free installments twice a month on Kuveyt Türk Mobile. Campaigns for fuel oil and restaurants also enabled customers to earn extra 2,000 miles.

Sağlam Nakit

Sağlam Nakit (Debit Card) card details can now be viewed on Kuveyt Türk Mobile and they can be used quickly, especially for e-commerce spending. Customers acquired via video chats were offered TL 20 discount on their first spending. The campaign will run until June 30, 2022. These customers were also provided the chance to draw and deposit cash for free at joint ATMs.

Retail Banking

KUVEYT TÜRK EXTENDED GRATITUDE TO TEACHERS FOR THEIR INVALUABLE EFFORTS WITH SPECIAL, AFFORDABLE FINANCE, CARD AND RENTAL SAFE DEPOSITS OFFERED BETWEEN NOVEMBER 22-26.

Pensioners
In August 2021, a new campaign package was introduced for those clients who are pensioners. The promotional amount was raised to TL 1,000 and pensioners were provided the chance to perform transactions at joint ATMs for free. A Pensioner Assistance Line was established, allowing them to directly connect with customer representatives.

Dear Teachers
Kuveyt Türk extended its gratitude to teachers for their valuable efforts with special affordable finance, card, and rental safe deposits offered between November 22-26.

Young Customers
Young people aged below 25 who become Kuveyt Türk clients via video chat features were offered special benefits to enhance the financial inclusion of students who are going back to school, this time physically after the pandemic.

Gradual Work at All Business Units During the Pandemic
Customers were redirected to digital channels or Call Centers rather than physical branches to seek assistance with their needs during the pandemic. For customers visiting physical branches, transactions were performed contact-free, and in an eco-friendly manner, thanks to mobile approvals and the Bank's paper-free banking system. To reduce in-branch density, Kuveyt Türk Mobile started to accept card applications.

Allocated Sağlam Debit Cards with contactless card features, customers are now able to complete their payment without any contact at the point of purchase. Sağlam Debit Cards' limits were increased in line with customers' needs.

Consumer Finance, card, and insurance contracts can now be approved on Kuveyt Türk Mobile, which results in significant time savings and reduces the risk of infection by lowering the points of contact.

ATM cash transaction limits were raised by segment to simplify customers' access to cash in non-branch channels.

As part of Pensioner Banking, a dedicated Call Center line was established to help reduce the need for visiting physical branches for customers aged above 65. Promotional payments can now be made without a preliminary condition, and new standing order processes were introduced.

Alternating working models were put in place to mitigate the adverse impact of the pandemic on employees. In this period, guides and digital tools were prepared for the staff working from home who made sure to provide uninterrupted services to customers.

2022 Targets
Kuveyt Türk Retail Banking plans to develop instruments that make it easier for customers to save and evaluate their savings via alternative products. The bank intends to diversify and expand TL-denominated investment instruments, in particular, to broaden its retail client base and TL market share through its wider and flexible product range.

After the Card Payment Systems Transformation project is finalized, sector developments and customers' requirements will be monitored to deliver services in a more flexible, digital, and easier fashion.

Therefore, the goal is to further diversify digital transactions and improve customers' digital experiences. The Bank will pioneer technologies to be deployed for new payment systems, increase the number of partnerships with payment institutions, and improve customers' payment experiences.

Efforts to offer a unique, end-to-end digital experience for housing and vehicle purchases are ongoing. Card Payment Systems Transformation, a project aimed at replacing time and energy-consuming financing processes with digitally-conducted processes, is a first in its field in Turkey.

To improve the financial inclusion of the youth and women in Turkey, the Bank will set product, service, and communication strategies and broaden the share of these target groups in its client base.

Kuveyt Türk will also develop capabilities to support foreign nationals residing in or visiting Turkey with quick service processes. The goal is to introduce these customers to the human- and technology-oriented banking system in Turkey through targeted branches with foreign language-speaking staff and digital processes.

Efforts linked with data and artificial intelligence will gain further speed to offer personalized services on all channels. The Bank will tap into the deliverables of these efforts and provide solutions that improve the customer experience both at the physical branch and on digital channels.

DIGITAL BANKING

Instead of a conventional branch-based banking approach, Kuveyt Türk Digital Banking Group operates on a low-cost, technology-based, efficient, and customer-oriented marketing approach. Digital Banking also develops new marketing alternatives by using digital tools.

Digital Banking delivers services to all retail and commercial clients in line with its vision of transforming ways of doing business and forming business partnerships, optimizing experience across channels, harmonizing the Bank's digital and physical channels, adapting to the new era, and expanding financial inclusion.

Thus, the digital experience is monitored through data-driven methods, while efforts are undertaken to help offer a better experience with digital products and digital channels.

The Digital Banking Group consists of three departments:
- Digital Marketing Department
- Branchless Banking Department, and
- Digital Channel Management Department

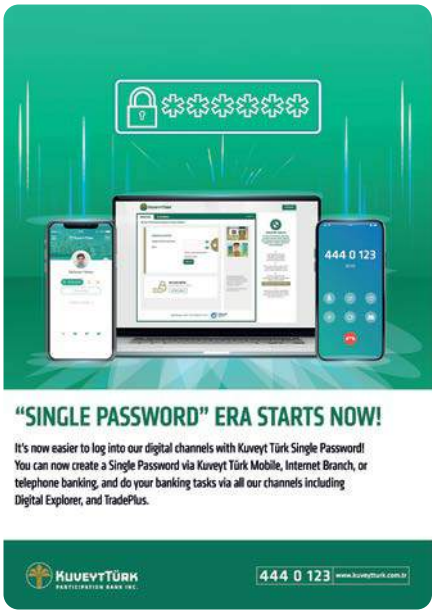
NUMBER OF CUSTOMERS USING DIGITAL CHANNELS

2.2 million

Active customers using digital banking channels reached 2.2 million, representing a 37% hike.

Retail Banking

ACTIVE CUSTOMERS USING KUVEYT TÜRK MOBILE IN 2021 REACHED 2 MILLION, REPRESENTING A 38% RISE COMPARED TO THE PREVIOUS YEAR.



Digital Marketing Department
Kuveyt Türk is always one click away from customers via its website, Internet branch, as well as Kuveyt Türk Mobile available on AppStore, Google Play Store, and Huawei App Gallery. In 2021, the Bank continued to transform its services and business processes in line with next-gen technologies and digital trends. Thanks to the activities conducted in the reporting period, Kuveyt Türk Mobile adoption was expanded, with the number of active users of the app rising by 38% to 2 million in 2021. Meanwhile, the number of active users of all digital banking channels rose by 37% to 2.2 million compared to the previous year. Approximately 88% of the Bank's active customers used digital channels throughout the year.

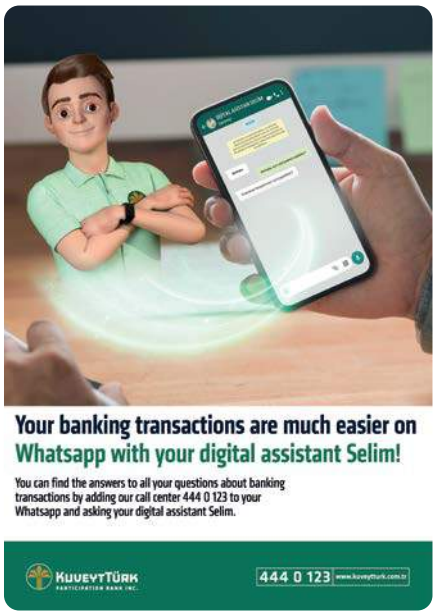
Top picks from those projects Kuveyt Türk conducted to improve its digital channels through an innovative vision are provided below:

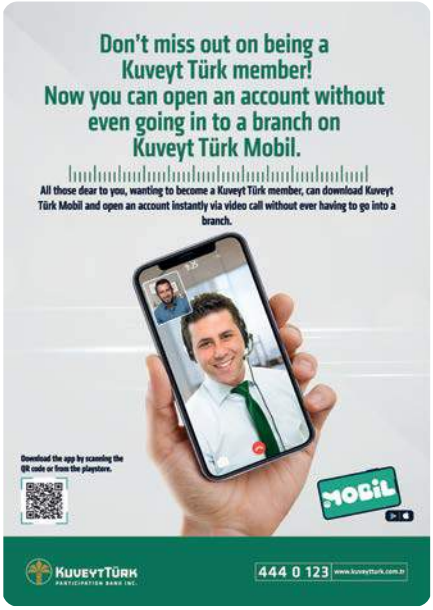
Limit Increase via Video Chats:
The limits for fund transfers, and sales&purchase of a foreign currency or precious metals can now be updated in video chats with customer representatives on Kuveyt Türk Mobile, without having to visit a branch.

Getting Passwords with NFC:
Customers can use the NFC feature on their mobile phones to log in digital channels with their new chip ID cards, change their one-time passwords and get new passwords if they forget the one they use. This allows customers without a debit or credit card to carry out password procedures with their new ID cards.

Digital Applications: Many product and service applications were moved to digital banking channels in 2021. Digital application processes were established for credit cards offering the benefits of Miles&Smiles as part of the deal with Turkish Airlines. Motor Insurance Application, SME Preliminary Application on Website, OTS Application, School Installments System (OTS), as well as CEBİMPOS Application on Kuveyt Türk Mobile can now be submitted via digital banking channels.

KUVEYT TÜRK'S DIGITAL ASSISTANT SELIM BEGAN TO RENDER SERVICES ON WHATSAPP IN 2021 TO MAKE CUSTOMERS' ACCESS TO THE BANK EASIER.





In addition, preliminary applications for Letters of Guarantee, Leasing, Agricultural Finance, Tohum (Seed) Card, and POS products can be submitted via the Bank's corporate website.

Selim (Digital Assistant) WhatsApp Integration: Kuveyt Türk's digital assistant Selim was launched also on WhatsApp to guarantee easier customer access in 2021.

Mobile Approval with Orders: For fund transfers requiring approval calls by the branch due to the amount of ordered transactions, mobile approvals, in place of phone calls, are sent to the company representative. The start of digital approvals for transactions has increased security and reduced operational workload.

Uploading Documents on Digital Channels: Retail and corporate customers are now able to upload on Kuveyt Türk Mobile and Internet Branch their license, sales receipt, title deed, invoice, and proforma documents required for service processes such as Fund Allocation Projects, Vehicle, and Real Estate Finance, and Finance for Individual Needs. Likewise, necessary documents are also made available for customers via digital channels without the need for a physical branch visit or mail/message delivery.

CebimPOS NFC Payment: NFC support was introduced for the CebimPOS product, which freed customers from the burden to manually enter their card details, and enabled them to quickly and easily make payments via their phones' NFC feature.

Instant SWIFT Monitoring (SWIFT GPI System); The Bank joined the SWIFT GPI system that enables speed, traceability, and cost transparency for international foreign currency transfers. This system helps track the entire process of foreign currency transfer in real-time, from the moment the amount is withdrawn from the sender's account to the moment of deposit at the receiver's account.

Opening Investment Accounts for Corporate Clients: Corporate clients are able to open investment accounts on Kuveyt Türk Mobile.

Internet Branch Logins with Mobile Notification: Internet Branch logins are now possible by approving the mobile notification rather than SMS texts.

Retail Banking

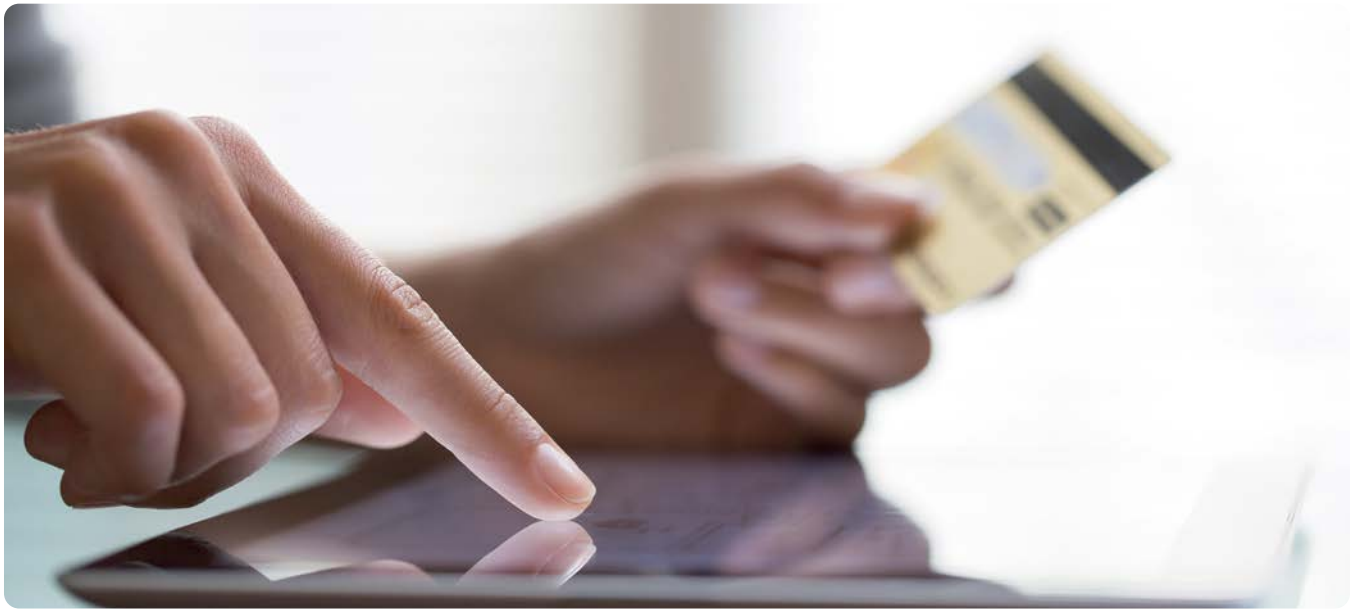
A PROJECT WAS INITIATED TO AUTOMATICALLY ANTICIPATE THE CASH AMOUNT KUVEYT TÜRK CUSTOMERS MAY WANT TO DRAW DEPENDING ON THEIR CASH WITHDRAWAL HABITS.

The video call service for disabled customers on the Kuveyt Türk Website This feature helps disabled customers to report lost/stolen cards via the website by initiating video calls.

Digital Channel Management
Kuveyt Türk continued to enhance its ATM network with new functions in 2021, focusing on its goal of bringing excellence to the customer experience at all points of contact:

- QR Code was moved to the home screen of Kuveyt Türk ATMs, enabling customers to draw cash contact-free.
- Under Kuveyt Türk's TR QR Code Project, customers of other banks are also able to draw cash by using the QR Code on Kuveyt Türk ATMs.
- A project was initiated to automatically anticipate the cash amount that Kuveyt Türk customers may want to draw depending on their cash withdrawal habits.
- The FAST fund transfer at Kuveyt Türk ATMs project was completed. As a result, fund transfers below TL 2,000 are carried out with this infrastructure.
- Deployed in 55 provinces and 245 terminals, the voice menu allows the visually-impaired clients of Kuveyt Türk to receive services at the Bank's ATMs more easily.
- Cardless EFT transaction limits at Kuveyt Türk ATMs were raised to TL 7,400 and limits for cardless transfers with sender's name to TL 4,000. Limits for cardless cash deposits at Lobby ATMs were raised to TL 74,000.
- A new tablet XTM device was developed. Featuring a single and touch-enabled screen, the device helps customers connect to a video call with one click and carry out all banking transactions -- except cash transactions -- with the customer representative.
- Kuveyt XTM device login options for Kuveyt Türk customers were increased. Thanks to this, customers are now able to receive video call services on XTMs without having

ON MAY 1, 2021, KUVEYT TÜRK STARTED REMOTE ACCOUNT OPENINGS VIA VIDEO CHAT FEATURES.



to log in on the device with a card. After typing their customer number on the XTM home screen, customers receive a mobile approval or use the PIN sent via SMS to use the XTM device safely.

- Kuveyt Türk customers are now able to get a debit card at XTM without the physical assistance of a branch employee.

Branchless Banking

On May 1, 2021, Kuveyt Türk started remote account openings via video chats. This has made account openings in areas outside the Bank's branch network possible and enabled the Bank to broaden its outreach.

Customers are now able to access Kuveyt Türk's services provided on digital channels anytime and anywhere they wish.

Kuveyt Türk has attained some 40 thousand customers thanks to the capability to open accounts remotely. The share of customers acquired via this channel within overall customer acquisition expands each passing day.

Campaigns were organized for customers joining the Bank's customer base through the remote account opening service to enjoy discounts at purchases with their debit cards or use joint ATMs for free. These campaigns are ongoing.

In 2022, unlimited companies, farmers, and Turkish nationals residing overseas will be offered remote account opening services.

Digital Portfolio Management is a project under which customers who adopt digital experiences will be provided with portfolio management services on digital channels. This way, they will have video and voice chats with portfolio representatives regardless of their location, receive banking products and services, and benefit from consulting processes.

SME Banking

HIGHER EFFICIENCY WAS ATTAINED BY ROLLING OUT DIGITALLY-DRIVEN ENHANCEMENTS IN PRICINGS AND CUSTOMER MANAGEMENT IN SME BANKING.

SME BANKING DEPOSITS

TL 49.5 billion

Total deposit size of Kuveyt Türk SME Banking rose to TL 49.5 billion.

Kuveyt Türk implemented an ambitious strategy based on innovative processes and economic sustainability, along with digitalization in its SME Banking business line in 2021. To ensure a seamless customer journey, processes were revised and customer segmentation was enhanced to better reflect the size, volume, financial structure, and the latest industry conditions. As a result, a structure was attained capable of providing personalized services. Efficiency was increased through digital enhancements in pricing and customer management. The Bank aims to continue projects regarding digitalization and sales strategies in 2021, developing systems to respond to customer needs pro-actively.

In 2021, efforts were channeled to Mobile 360, an application that will make suggestions on sales and marketing activities for portfolio representatives and simplify transactions with its design. Designed to help implement sales and marketing activities on site, right at the customer's location without depending on the branch, the app will be launched in January 2022.

In 2021, Kuveyt Türk SME Banking rendered services at 436 branches, with a competent workforce of 972 people, 454 in the enterprise segment and 518 in the micro segment. The business line concluded the 2021 reporting year with 409,167 customers, while the funds it raised amounted to TL 49.5 billion and the funds it extended to TL 633.3 billion. The accounting period of 2021 carried the Bank's solid position in the sector forward. Kuveyt Türk SME Banking

- ✓ 409,167 total number of customers
- ✓ TL 49.5 billion raised funds
- ✓ TL 33.3 billion cash funds extended
- ✓ TL 5.1 billion non-cash credit volume
- ✓ TL 1.3 million other revenues
- ✓ TL 8.8 billion FX credit risk
- ✓ SME Banking attained a leasing risk volume of TL 4 billion, while generating further value for the Bank via the following:

- It rendered the project pricing system operational in an authorized manner through the efficiency-based pricing algorithm for customers.
- Currently running based on customer efficiency, the customer value segment integrated pricing system helped automatically price a total of 52,937 projects in 2021.
- Communications focused on data to boost deposits and sales opportunities through analyses on legal entity clients, which brought an additional TL 750 million in deposits to the Bank.
- It performed in-depth analyses in profit-loss participations, project finance, and large-volume projects, while proactively being involved in processes through customer communications and supporting the field teams in sales activities.
- As part of fund extension via participation, three projects were implemented in the gold, forestry products, and veterinary sectors via the means of "mudarabah" (labor-capital participation) in 2021. Two of these projects were completed within the year, and the other is projected to conclude in 2022. The total project amount is TL 8,888,697 and TL 604,430 was attained in profits thanks to these participation projects.
- Customer acquisition processes were supported through deals with cooperatives, chambers, unions, and dealers.

PRODUCT DEVELOPMENT ACTIVITIES

Bundle Management
Through the Bundle Management project, developed throughout 2017 and implemented in October 2017, customers were offered customized banking service products in bundles also in 2021. Aimed at customers who frequently use various banking channels, compact products matching their requirements are drawn together for cash sales. Since October 2017, 35,785 of such bundles have been sold, corresponding to a sales volume of TL 73 million. In addition, efforts have been completed to enable customers to track their bundles on the Kuveyt Türk Mobile and purchase new bundles.

Online Letter Issuance System
Thanks to the system deployed in the last quarter of 2017, Kuveyt Türk SME Banking Department allows customers to receive letters of guarantee via the Internet Branch, avoiding extra workload on the physical branches. In 2021, 26,100 letters of guarantee were issued online, extending TL 2.1 billion in non-cash loans. The goal for 2022 is to add new types of letters in the portfolio of applications that can be sent to the Internet Branch.

E-Guarantee Letter, EKAP Integration
This development involves the preparation of letters of guarantee in electronic format for use in tender processes. The model provided a secure Internet protocol between the Banks drawing up Letters of Guarantee and the Electronic Public Procurement Platform (EKAP) while allowing the submittal of letters of guarantee and bids in the electronic environment.

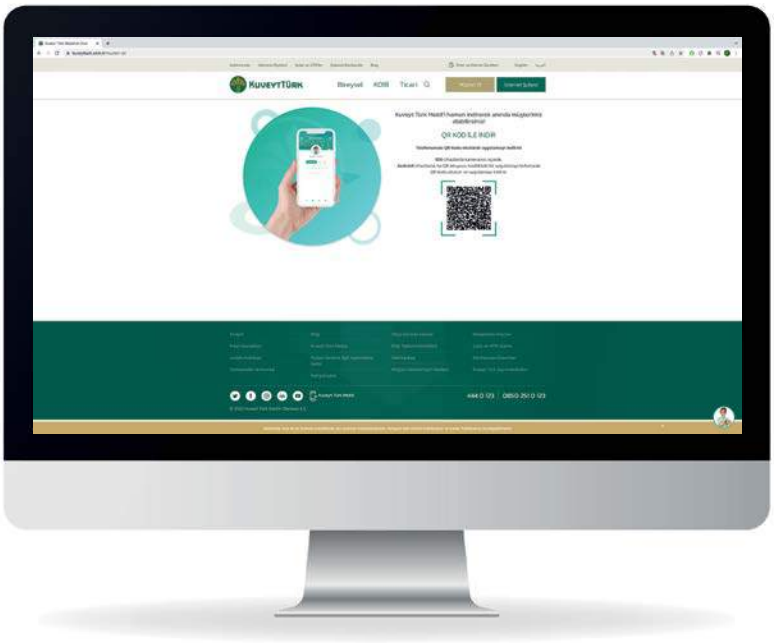
LG Applications via Kuveyt Türk Mobile
The project is aimed at adding application screens for domestic letters of guarantee and letters of reference within the Corporate Internet Branch to the Kuveyt Türk Mobile screens. Planned by SME Banking for roll out in 2022, the system will enable customers to receive letters of guarantee via Kuveyt Türk Mobile -- without having to place any operational burden on branches.

Letters of Guarantee Channel-Based Pricing
This is a project to apply different pricing for customers' applications filed at the Internet Branch and physical branches. Despite the high operational costs of the procedures conducted at the branch, the same pricing had been charged to customers on both channels. A channel-based pricing project was initiated in the last quarter of 2021 to encourage customers for digital channels and reduce the workload of branch operations teams. As part of the project, customers are provided with a 20% discount on the applications they submit on digital channels.

Pricing As Per LG Addressee and Letter Type
This involves the development of LG pricing factors by taking the addressee (to public or private entities) and letter type into account. There are two types of addressees in LGs: public and private entities. As for the type of letters, the plan is to apply different pricing for letters with low indemnity and risk ratios. The goal is to accelerate the growth in the Bank's focal areas through this system which includes a variety of data for accurate pricing.

SME Banking

WITH INFLATION-INDEXED LOAN CONTRACTS, THE GOAL IS TO DELIVER MORE EFFECTIVE SOLUTIONS TO RESPOND TO MARKET REQUESTS AND ADDRESS PROBLEMS SUCH AS OBTAINING INVOICES.



Website - Application Screen "I want to be a customer"
The system was developed to amplify the impact of Kuveyt Türk commercials and simplify and accelerate the acquisition of legal entity customers. With this system, potential legal entity customers are redirected to the application screen of the product promoted in the commercial when they click on it. This also turns the Bank's commercials into a mechanism to help take swift action for potential clients. The Bank contacts legal entity customers meeting certain criteria, and gives appointments for them to become customers.

İhalehaberi.net Robot Assignments
The robot will conduct intelligence queries for companies winning the tender on İhalehaber.net. Companies with positive intelligence results will be notified to the branches in line with the hinterland. This project is aimed at improving the number and volume of LGs of the branches. The ongoing project is planned to be completed in the first quarter of 2022.

Inflation-Indexed Loan Contracts
Planned to be launched in the first quarter of 2022, this new product will serve as a more effective solution to market requests such as the solution of problems with obtaining invoices. This new fund extension product will be priced based on Annual Consumer Price Index (CPI), while diversifying Kuveyt Türk's product range, helping the Bank address certain needs of the market more effectively, and promote the principle of fair financial management. The Association of Turkish Participation Banks (TKBB) closely monitors this product development project which will help Kuveyt Türk cement its lead in the industry in 2022.

Precious Metal Support Loan Product Development
Gold Support Loan is Kuveyt Türk's only product in precious metal finance. The project involves efforts to develop this product and will be completed in the first quarter of 2022. This way, the product will be much more aligned with participation banking, and the efficiency of operational processes will be improved.

Transfer of Seller Payments to Bank Accounts
This project involves efforts to transfer the finance extended by Kuveyt Türk to sellers' accounts. Planned for completion in the second quarter of 2022, the project is aimed at developing a proactive approach via branches and digital channels, improving the volume of deposits, re-activating inactive customers, and acquiring new customers.

LEASING AND SUBSIDIZED TRANSACTIONS

Kuveyt Türk expanded leasing receivables by 138% year on year, reaching a risk volume of TL 11.9 billion. In line with the policies to broaden the customer base, investments in all fields have been supported and 4,476 lease contracts were signed with customers. These deals helped inject TL 5,8 billion in funds into the market.

Launched in the fourth quarter of 2016, the Leasing with Profit Share product makes Kuveyt Türk the first and only bank to offer the service among participation banks. The leasing with profit share offering involves charging the vendor for all or some of the financing cost while the customer receiving the loan enjoys installment payments based on the invoice sum that excludes the profit share and commission fee. Almost 200 deals were struck with vendors, contributing more than TL 295 million to the leasing volume. The Bank carried the Leasing with Profit Share strategy forward, and enhanced its cooperation with sellers, with or without a profit share, in light of its mission of "Sales from the Center."

TL 4.3 billion were extended in funds as part of transactions involving investment incentive certificates, while the risk volume grew by 179% year on year to TL 10.1 billion.

Partnering with public institutions, the Bank supported customers by offering collaterals and cost advantages, and thus stood by the production industry.

In line with its digitization objectives, Kuveyt Türk continued to undertake enhancements in the field of leasing and subsidized transactions and improve processes to support customers in this period, as well.

Kuveyt Türk strives to provide a better customer experience in leasing and subsidized transactions while maintaining growth and extending support to entrepreneurs in 2022.

INDUSTRY-TARGETED ACTIVITIES

Tradespeople Banking and Professional Practitioners
Kuveyt Türk is at the disposal of customers who are tradespeople or practitioners of certain professions (pharmacists, physicians, lawyers, dentists, etc.) with tailor-made solutions such as Esnaf Kart, CebimPos, advantageous product packages, and finance alternatives. The Bank's primary goal is to analyze the needs and requests of tradespeople accurately, expand the product range, and quickly reach out to customers via digital channels. The Senin Bankan digital banking platform, currently serving retail customers, is scheduled to launch for tradespeople and farmers in 2022 so that they are able open accounts without having to visit a branch and benefit from Kuveyt Türk's banking services easily and swiftly.

Agricultural Banking
Kuveyt Türk extends support to farmers conducting agricultural and stockbreeding activities. Plant production, dairy farming and livestock, tractor, cropland financing, agricultural supplier financing, and agricultural machinery financing are some of the Agricultural Banking products on offer. Repayment terms are scheduled according to the farmers' harvest times with installment plans. The Bank also acts as an intermediary for TARSİM. Farmers can perform their Electronic Product Note (ELÜS) transactions via Kuveyt Türk, and access finance by having their ELÜS assets accepted as collateral.

LEASE CONTRACTS
4,476

Kuveyt Türk signed 4,476 lease contracts in 2021.

SME Banking

END-OF-PERIOD RISK BALANCE FOR THE TOHUM KART PRODUCT AMOUNTED TO TL 47.6 MILLION; TOTAL NUMBER OF FARMING CUSTOMERS TO 62,500; AND NUMBER OF AGRICULTURAL MEMBER MERCHANTS TO 529.

In 2021, the Bank's agricultural sector risk stood at TL 1.5 billion. End-of-period risk balance for the Tohum Kart (Seed Card) product, which offers re-payment terms at the time of harvest, reached TL 47.6 million; the total number of farmer customers reached 62,500, the number of agricultural member merchants 529 and ELÜS transaction volume reached TL 1 billion. By 2022, the Bank intends to develop a structure where farmers and their suppliers can easily contact the Bank and receive services via digital channels. In 2021, efforts towards this goal began.

Tourism Banking
Taking the seasonal requirements of the Turkish tourism sector into account, Kuveyt Türk started offering market players financing with flexible (seasonal) payment options. In the meantime, Kuveyt Türk's "Tourism Card" provides up to 6 months as a payment-free period. Efforts are ongoing to develop solutions for all stakeholders within the tourism ecosystem by taking the needs of tourism agencies, tradespeople, suppliers and hotels into account. Kuveyt Türk is aware of the added value tourism activities create for the real sector, and thus it is determined to maintain the support extended to tourism in the coming period, as well.

PAYMENT SYSTEMS ACTIVITIES

POS Marketing
The POS Marketing Unit is the product owner of innovative payment methods including Physical POS and Virtual POS.

The unit is in charge of the following products:
- Fixed and Mobile POS
- Cash register POS
- Android POS
- Free POS
- Collection System
- CebimPOS

Activities were performed for the integration of new POS models launched in 2021. Integration with Hugin N910, Paygo SP630 ECR models were completed.

The number of POS devices supporting contactless payments has been increased to offer solutions that address changing payment habits. Fintech activities are ongoing for QR payments, while integration efforts were initiated for TR QR Code.

Marketing activities are conducted with contracted merchants to offer installments on Kuveyt Türk POS devices with Sağlam Card, a Kuveyt Türk brand. The number of contracted merchants has increased in the world of physical POS devices, e-commerce sites, and payment institutions in particular.

Joint campaigns were organized with commercial cards for the Bank to respond to the needs of merchants holistically. Accordingly:

- Kuveyt Türk Miles&Smiles Business card offered 5% additional miles on purchases at Kuveyt Türk merchants.
- Card fee discounts were offered to customers spending TL 5,000 every month with Kuveyt Türk enterprise credit cards.

Virtual POS Upgrades

Under the Virtual POS UX upgrade, Kuveyt Türk continued to make improvements and corrections to menu interfaces, the number of installments, user data, card and address information, end-of-day order follow-up and manual POS transactions throughout 2021. Innovative payment methods are now supported as part of the deals with fintechs, payment institutions in particular.

CebimPOS

Kuveyt Türk customers with a POS terminal can use the Virtual POS software via Kuveyt Türk Mobile as of 2019. A fast, practical, and free-of-charge application that transforms every smartphone into a POS is now offered to customers. Running on a 3D Security infrastructure, CebimPOS is aimed at businesses that rely mainly on cash transactions but are not required to keep POS terminals integrated with cash registers such as plumbers, street vendors, restaurants, gym operators, financial advisors, taxi drivers, and barbers. Kuveyt Türk continued e-invoice upgrades on CebimPOS in 2021. NFC features and digital application services were launched for customers, as well.

CebimPOS customers can enjoy installments on Kuveyt Türk cards, and postpone sales on Kuveyt Türk Seed Cards, while selling in installments to the credit cards of banks operating in Turkey thanks to payment institution integrations.

MERCHANT BRAND MANAGEMENT

Kuveyt Türk established a Merchant Brand Management Service under Payment Systems Marketing in the second half of 2021. The Bank focuses on acquiring enterprises at a corporate level, SMEs in particular, as its portfolio is primarily made up of SMEs. Its portfolio management efforts are carried out at the Head Office to expand the installment network of Sağlam Card, which is its proprietary card brand.

The Bank's special campaigns for, and partnerships with, the merchants are also handled by the Merchant Brand Management Service.

LEGAL ENTITY CARD MARKETING

Kuveyt Türk is the first bank to provide a Miles&Smiles Business card to privately-owned personal companies and legal entity customers as part of its partnership with Miles&Smiles. The Bank continued to diversify the product range offered to legal entities in 2021. The unit is the owner of the following legal entity card products:

- Miles&Smiles Business
- Business Plus
- KOBİ Kart (SME Card)
- Tohum Kart (Seed Card)
- Turizm Kart (Tourism Card)
- Sağlam Bayi Kart (Sağlam Dealer Card)
- Esnaf Kart (Tradesmen Card)
- Legal Entity Debit Card

All Kuveyt Türk legal entity credit cards support the contactless payment feature. A free of charge feature, significantly contributed to the increased turnover of the Bank as contactless payments have seen growth during the Covid-19 pandemic.

In order to respond to customers' needs and expectations, campaigns were organized in 2021 including interest-free post-transaction installments, additional installments, postponed payments, and TL discounts.

While Tohum Kart provides flexible maturities to farmers, the network of contracted merchants with high customer transaction volumes has been expanded. Product features were also improved thanks to the maturity options offered.

Under the Decision Support System, legal entity credit cards are issued without the examination of financial information from Kuveyt Türk branches. Business development works are underway to issue legal entity credit cards via digital channels, as well.

A project is being carried out for Kuveyt Türk legal entity customers to submit card applications on Kuveyt Türk Mobile without having to visit a branch. The final stage has been reached in the studies to enable the receipt of applications via the Kuveyt Türk website for legal entities which are not Kuveyt Türk customers.

Integration activities started to allow QR payments as part of the TR QR code project. The goal is to enable payments to be made via Kuveyt Türk mobile, by scanning the QR code with the Bank's legal entity accounts and cards. In addition, customers whose card applications are approved will be able to start shopping by tapping into QR Code Scanning and Virtual Credit Card features, without having to wait for their physical cards to be delivered as part of the ongoing project.

Corporate and Commercial Banking

IN 2021, KUVEYT TÜRK ENHANCED ITS SUPPORT TO EXPORTERS VIA PRE-SHIPMENT EXPORT LOANS EXTENDED FROM EXIMBANK'S FUNDS AND ITS INTERNAL FUNDS.

DDS TRANSACTION VOLUME

TL 4.1 billion

At the end of 2021, the DDS transaction volume reached TL 4.1 billion.

Corporate and Commercial Banking Group strives to address corporate and commercial clients' needs with participation banking products, in addition to innovative financial solutions designed with a focus on the customer, such as financial leasing, project finance, cash management, and foreign trade products.

Kuveyt Türk's broad branch network, experienced workforce, and customer-oriented business models are coupled with a robust system infrastructure analyzing developing trends and customer needs and deploying new strategies to offer end-to-end digital solutions and products to the right target group. All these set the Bank apart from the competition.

NEW CUSTOMER ACQUISITION FOCUS FOR SUSTAINABLE GROWTH

Kuveyt Türk Corporate and Commercial Banking Group focused on new customer acquisition in its efforts and strategies to increase the Bank's market share in the segment, asset quality, and deposits. Three commercial branches were opened in 2021, which contributed to the pace of efforts toward acquiring new customers and deepening the relationship with existing customers.

The Bank continued Corporate and Commercial Banking activities with its alternating working schedule at branches in 2021, as the impact of the pandemic was still being felt. Thanks to its competent and experienced employees, the Bank did not compromise on its service quality and customer experience vision, while ensuring uninterrupted service delivery. Efforts to digitize service and process cycles gained pace as part of the digital transformation journey across the Bank. Effective customer communication efforts were undertaken via video calls, while a Mobile Application option was introduced for the School Installment System. Mobile 360, a mobile application that enables branch sales staff to take sales and marketing actions outside the branch, has reached its final stage before completion.

In 2021, Kuveyt Türk improved its support to exporters via pre-shipment export loans extended from Eximbank funds and its internal funds in the field of exports, a strategic focus for the Bank. Development activities continued to deliver products supportive of exports, such as Post-Loading Finance and Advance Finance.

Works focused on added value in 2021 helped the Bank to have USD 10.5 billion in incoming export proceeds, while the volume of imports rose to USD 6.5 billion.

Kuveyt Türk shines out in the sector not only with its products continuously and innovatively improved in line with customers' needs such as Leasing, Leasing with Profit Share, DDS, DDS with Profit Share, and Supplier Finance but also with the new main dealer and dealer deals made for firms in commercial segments. DDS Cash Management integration with Turkish Airlines was also completed during the year.

In 2021, DDS transaction volume reached TL 4.1 billion and TFS volume TL 2 billion.

PRODUCTS/SERVICES DEVELOPED AND BUSINESS PROCESSES REVISED IN PARALLEL WITH DIGITALIZATION

Processes of Eximbank Short-Term Receivables Insurance, delivered to address exporters' need for collateral, were moved to the digital environment to improve customer experience, in addition to Post-Loading and Advance Finance Products, developed to support exports in 2021.

Screens to monitor documents and maturities were digitized for all products to enable foreign trade customers to follow up on their existing products. For overseas transfers, the Bank enabled customers to initiate transactions digitally without contacting a branch and monitor the status of that transaction via the GPI system.

Kuveyt Türk signed an MoU with Eximbank to start acting as an intermediary in long-term Pre-Shipment Export Loan (SÖİK) transactions provided to exporters.

To protect against FX risks linked with currency fluctuations, the opportunity to forward all installments at the moment of credit allocation was given to exporters who were allowed to borrow in foreign currency, customers with a risk above USD 15 million, or firms planning to do a leasing transaction or holding an investment incentive certificate.

System enhancements were made in DDS, DDS with Profit Share, OTS, and Supplier Finance, resulting in higher customer satisfaction rates and transaction volumes in 2021.

Corporate and Commercial Banking

USD 41 MILLION WERE EXTENDED TO CUSTOMERS AS PART OF THE EXPORT FINANCING CAMPAIGN.

HIGHLIGHT CAMPAIGNS

New Customer Campaign with Commercial Loan was organized to acquire new customers in 2021. New customer acquisition was also planned with the sub-dealer campaign organized as per DDS.

During the year, an Export Finance Campaign was organized for Advance and Post-Loading Finance products, which are delivered as an alternative means for finance for all types of payment with which exporters can collect payments in advance before or after loading the goods without waiting for the maturity date. As part of the campaign, a total of USD 41 million was extended to customers. USD 35 million of this amount was granted in Advance Finance and USD 6 million in Post-Loading Finance.

ONGOING ACTIVITIES AND GOALS FOR 2022

Kuveyt Türk Corporate and Commercial Banking has taken important decisions in several areas from the re-structuring of branches to customer planning, in parallel with the overall strategies of the Bank for 2022 and beyond. In this respect, the Department commenced projects focused solely on commercial customers to measure customer value propositions under the New Commercial Branch model.

The works are ongoing to move the processes to Kuveyt Türk Mobile and Internet Branches to allow customers to digitally initiate flows, approve and complete existing flows for products including letters of credit, external guarantees, and collection products.

The technical process is also underway to provide an automatic confirmation or offer shipment insurance by the system for letters of credit advised to the Bank.

Studies are conducted to issue letters to meet customers' requirements for collateral at relevant banks as part of the Participation Finance Investment Loan program as part of which Eximbank will extend funds in line with Islamic principles. Studies began for the integration of Central Bank Rediscount Credit transactions with credit allocation and extension screens.

Discussions with the Central Bank are ongoing to update implementation principles so that rediscount credits the Central Bank offers to exporters are also provided to Kuveyt Türk customers by Islamic principles. Infrastructure works are also being conducted in parallel with these discussions.

SYSTEM ENHANCEMENTS TO IMPROVE CUSTOMER EXPERIENCE AND TRANSACTION VOLUMES IN DDS, TFS AND OTS ARE ONGOING.

Kuveyt Türk is the only participation bank to be a member of FCI, an umbrella organization for global supply chain financing established to contribute to the growth of global trade volume. Accordingly, the Bank is working on a financing alternative whereby guarantee, receivables and collection management, and financing services are offered collectively, by taking over customers' overseas term receivables arising from the sale of goods and services. The plan is to deploy this innovative product in 2022.

System enhancements to improve customer experience and transaction volume for DDS, TFS and OTS are ongoing, with plans for deployment in 2022. In addition, process improvements for SGK Pre-ordered Payments, Collective Salary Payments, and E-invoice discount deals continue.

TFS VOLUME

TL 2 billion

The volume of TFS rose to TL 2 billion at the end of 2021.

Treasury and International Banking

OFF-BALANCE SHEET ITEMS WERE DIVERSIFIED AND CROSS CURRENCY SWAP (CCS) WAS USED TO ENSURE EFFECTIVE LIQUIDITY MANAGEMENT.

SUKUKS ISSUED BY INVESTMENT BANKING

55

Investment Banking issued 55 sukuks in the domestic market.

TREASURY

Assets and Liabilities Management Department

The main function of the Assets and Liabilities Department is to manage risks linked to liquidity and maturity mismatch on the balance sheet of the Bank arising from its banking activities. To this end, the Department broadens its market depth and product diversity, and contribute to a sustainable growth in line with the principles of participation banking.

Assets and Liabilities Management Department contributed to the increase of the Bank's profitability thanks to strong liquidity and effective liquidity management despite high interest and FX volatility that hit the markets throughout 2021, during which extraordinary developments were witnessed in macroeconomic conditions and financial markets. The Department also aligned the Bank with all the changes the Central Bank introduced for required reserves and regulations passed by regulatory authorities.

Off-balance sheet items were diversified and Cross Currency Swap was used to ensure effective liquidity management. In order to hedge the risk of TL returns, in particular, long term CCS transactions were carried out to effectively manage the Bank's strong liquidity. Similarly, the technical infrastructure required to perform Profit Rate Swap (PRS) transactions was developed in 2021. Set to work

THE TREASURY MARKETING DEPARTMENT CLOSELY MONITORED THE PERFORMANCES OF KUVEYT TÜRK'S TREASURY PRODUCTS, INCLUDING LEASE CERTIFICATES (SUKUK), EQUITIES, INVESTMENT FUNDS, FORWARD TRANSACTIONS, PRECIOUS METALS, AND FOREIGN CURRENCY TRANSACTIONS.

in full conformity with participation banking principles, this product is expected to create a positive impact on the funding costs and resource diversity in the Bank's diversified product portfolio, while providing protection against market shocks and return risks.

In 2021, necessary enhancements were introduced to benefit from the chance that the Central Bank provides via a new regulation allowing the use of FX-denominated sukuks in committed transactions. This will enable the Bank to cash its FX sukuk portfolio as and when necessary.

In 2022, Assets-Liabilities Management Department will start the Dynamic Assets-Liabilities Management Project, whereby it will develop liquidity and balance sheet management models, and obtain practical and viable project outcomes for each item that makes up its liquidity and balance sheet.

Certain processes will be automated to render faster and easier flows as part of the digital transformation journey in the period to come. Significant contributions are targeted to liquidity management through systemic enhancements put in place to utilize the cash assets held at branch vaults effectively with a focus on customer and branch management satisfaction.

TREASURY MARKETING DEPARTMENT

Positioned as a hub of a governance network of the Head Office units, Regional Directorates, Branches, and end customers, the Treasury Marketing Department conducted its operations with three services under its roof, namely Treasury Sales and Coordination, Treasury CRM and Marketing, and Treasury Business Development, in 2021.

The Treasury Marketing Department closely monitored the performance of the Bank's treasury products, including lease certificates (Sukuk), equities, investment funds, forward transactions, precious metals (gold, silver, platinum), and foreign currency transactions. It worked in close coordination with other marketing and sales departments to position these products competitively in the market, while carrying out campaigns driven by analytical data to meet customers' expectations and product targets. High response ratios and revenues were the fruits of efforts geared toward new treasury customer acquisition, retention of existing clients, and regaining lost customers through these campaigns.

The Treasury Value and Behavior Segmentation Dashboard report reveal a 21% year-on-year increase in the number of customers performing treasury transactions as of December 2021. The number of customers actively performing treasury transactions grew by 25% year on year. The department also attained a 50% response rate in the campaigns for potential customer groups conducted in collaboration with other marketing departments throughout the year.

CAPITAL MARKET PRODUCTS

The following products were launched in light of customers' investment preferences and the approach for sustainability in economy:

- KSR (Sustainability participation fund)
- KUT (Precious metals participation fund)
- KLU (money markets participation fund).

Treasury and International Banking

IN ADDITION TO MOBILE TRADEPLUS, AND TO ADDRESS THE DEMANDS OF DIFFERENT CUSTOMER SEGMENTS, WEB TRADEPLUS WENT LIVE ON WWW.TRADEPLUS.COM.TR.

The Department saw the fruits of efforts initiated in the past years to standardize equities across participation banks. Once the relevant standard was established and published by the Advisory Board of TKBB, Borsa Istanbul started to calculate and publish five participation indexes. This raised the number of participation banking compatible equities offered to customers. The Bank raised the volume of equity transactions by 42%, revenues by 25%, and the number of active customers by 48%.

The Department continued to manage marketing, sales and pricing activities for lease certificate (sukuk) transactions in interaction with other divisions under Treasury and International Banking. Relevant processes, sales, and reporting screens were digitized. In 2021, a 15% rise was attained in the volume of lease certificate transactions.

BETTER CUSTOMER EXPERIENCE WITH TRADEPLUS

Treasury Marketing Department introduced enhancements to the mobile TradePlus channel, launched in the past years for customers, to provide a much better customer experience. Numerous new features introduced to mobile TradePlus include:

- Equity real-time data monitoring
- Equity analysis data
- Economy news and updates
- Monitoring market data for different investment products
- Weekly economic bulletins
- Economy calendar
- Opening mutual fund accounts on the app
- Graphs on equities, FX/precious metal, and mutual funds.

In addition to Mobile TradePlus, and to address the demands of different customer segments, Web TradePlus went live on www.tradeplus.com.tr. The goal is to provide a better experience with this product that allows customers to monitor the markets instantly while they are at the computer.

In addition to the investments made in digital channels, the Department upgraded branch pricing infrastructures and provided Treasury technologies for use by branches. This helped address manual branch transaction demands on-site, effectively and promptly.

FIRM SUPPORT FOR SECURE, FLEXIBLE, AND SUSTAINABLE PRICING INFRASTRUCTURE

The Department is the governance hub of Treasury 4.0, a project launched under the Treasury Group Directorate last year. In 2021, the project was finalized and went live, effectively equipping the institution with a more secure, flexible, and sustainable pricing infrastructure.

Positioned as the governance hub, the Department handled 418 Information Technologies requests of differing sizes in an attempt to improve stakeholders' digital experience in 2021. In particular, it prioritized growing digitalization needs amid the pandemic and significantly increased the level of digitalization for the products it manages. Digitalization in Sukuk rose by 71%, while 77% of Sukuk transactions were performed on digital channels. In addition, digitalization in equities rose to 100%. This guaranteed swift and uninterrupted service delivery for internal and external customers.

Always pursuing customer-centric business objectives, the Department developed working models for close collaboration with sales departments to dynamically and effectively handle product, channel, and margin/pricing management in the light of customer and field feedback, and to deploy periodic updates promptly.

AN AMBITIOUS START IN MARKETING 5.0 AFTER MARKETING 4.0

The Department furthered its data-driven marketing activities and commenced AI-enabled forecasting studies in 2021, thus carrying its performance to higher levels as an outcome of the transformation process managed in the marketing matrix in previous years. AI-enabled studies such as customer conversion rate optimization and detection of abnormal cash movements are some of the projects undertaken during the year.

In 2022, the Treasury Marketing Department will continue honing its data analytics and digital marketing skills to further focus on personalized customer experience in an environment of growing competition and customer mobility. In doing so, it will support the increasing number of customers through competitive prices 24/5, AI-enabled analytical CRM activities, distinctive service quality, and improved customer experience on all digital channels. The aim is to expand the share of customers trading treasury products in the volume of sector treasury transactions. This will also contribute to efforts aimed at further improving customer satisfaction.

FOREIGN EXCHANGE AND PRECIOUS METALS DEPARTMENT

The Foreign Exchange and Precious Metals Department is responsible for pricing treasury and financial market products including those spot trading on international foreign exchange and gold markets, and providing foreign currency and precious metals pricing services to the Bank's clients via all channels.

The main strategy of the Department is to manage growing transaction volumes in financial market products in an end-to-end, uninterrupted, risk-free, and safe manner, and to ensure sustainable flows in system infrastructures. The Department delivered a successful management performance like in the past years, being in charge of the Institution's FX and precious metal FX infrastructures as well as hedging mechanisms.

It conducts precious metal trading transactions in domestic and overseas markets, contributing to the Bank's trailblazing status and profitability. The Bank ranks among the leading institutions of Borsa Istanbul Precious Metals and Diamond Markets in terms of transaction volume, which contributes to the market depth and effective operation of the market.

The Department also pioneers the market through algorithmic trading activities. The Department developed Algorithmic Position and Risk Management systems thanks to which the Bank's FX position is managed most effectively and profitably. In addition, the systems offer FX and gold pricing at the same margin 24/5 and thus boost customer satisfaction and customer experience.

Conditions for remote work were made more favorable in physical and technical terms to facilitate adaptation to the pandemic.

In 2022, the Department will automatize certain processes as part of digital transformation practices, while furthering efforts to achieve more flexible, prompt, and effective pricing and hedging mechanisms.

FINANCIAL INSTITUTIONS

Kuveyt Türk Financial Institutions Department works to boost efficiency in the Bank's current correspondent banks network, attain diversification in products and services, improve existing relations, and help Bank acquire a truly international status. Accordingly, the Department did the following in 2021:

- Business management and development activities with over 1,000 financial institutions in 169 countries,
- Representing the Bank in more than 150 meetings, including meetings with international organizations such as FCI (Factors Chain International) and SIBOS,
- 24/7, uninterrupted implementation of TL transactions with the Bank's principal shareholder Kuwait Finance House (KFH) via Ripple Platform.

The Investment Banking Unit works to raise funds with effective maturities and ratios from domestic and overseas markets for the Bank's balance sheet in line with Kuveyt Türk's liquidity requirements. Accordingly, Investment Banking did the following in 2021:

- Issued the world's first Sustainable Subordinated Sukuk worth USD 350 million with a term of five years. The transaction attracted the demand of over 150 investors covering a big part of the world, including the Gulf, Asia, Europe and America. While the demand was 12.3 times higher than the amount issued, this transaction was a strong testimony of Kuveyt Türk's robust credibility before international and domestic financial institutions. The issuance also reached the highest levels of demand and was the lowest-priced transaction since 2017 in the Turkish market. Equipped with an ESG (Environmental, Social and Corporate Governance) structure, it also spurred a great interest from the green funds based in Europe and the UK.
- A bilateral structure was developed with a Japanese bank for the first time, resulting in funds worth USD 50 million for the Bank.
- 55 sukuks were issued and transaction volume reached TL 17 billion in the domestic market.

Activities will be carried out to facilitate the Bank's operations in new markets, in addition to product development and diversification efforts. Expanding the share of robotic processes and digital platforms in daily operations, and raising/extending sustainability-driven funds will also be among the main focus areas of the Kuveyt Türk Financial Institutions Department.

Loans

KUVEYT TÜRK LOANS GROUP HANDLES LOAN ALLOCATION PROCESSES WITH 1 REGIONAL LOANS GROUP DIRECTORATE AND 10 LOAN DEPARTMENTS.

NUMBER OF RETAIL CUSTOMERS TAKING OUT LOANS

117 thousand

The Loans Group finalized over 193 thousand loan offers for 117 thousand retail customers in 2021.

Maintaining a sustainable asset quality, coupled with systems providing unique user experiences to the Bank's internal stakeholders and customers, is the vision of the Loans Group. The Group's organizational structure, business model, and strategic efforts conducted in terms of its future projects are aimed at delivering maximum contributions to Kuveyt Türk's objectives. In this context, the Loans Group stands out with its team of experts who blend experience and business knowledge with a digital mindset -- a must in our era. This is how the outputs generated by the team contribute to the Bank's strategic roadmap and add to its competitive edge.

Kuveyt Türk Loans Group handles loan allocation processes with 1 Regional Loans Group Directorate and 10 Loan Departments. Four Loan Departments operate under the Regional Loans Group Directorate, while the other six departments directly report to the Assistant General Manager in charge of Loans. In addition, regional teams at 15 locations operate under the Regional Loans Directorates.

CUSTOMER AND RISK ORIENTED LOAN PROCESSES

Kuveyt Türk Loans Group evaluated and finalized over 193 thousand loan offers for 117 thousand retail customers and over 120 thousand loan offers for 90 thousand corporate customers with its competent staff in 2021. The Financial Analysis Service concluded 950 financial analysis reports in 2021. Aimed at introducing further detail to the reports and increasing their quality, customer visits were organized online due to the pandemic. The Financial Analysis and Business Development Department drew up sector-based financial analysis reports for 14 business lines with a high level of importance in the Bank's loan portfolio.

In order to adapt to global digital transformation trends, macroeconomic outlook, and market conditions as well as to ensure sound management of the loan portfolio during the pandemic, the Loans Group reviewed loan strategies, loan policies, loan application rules, and the loan decision support systems periodically, and made necessary modifications as and when required in the 2021 accounting period. While the enhancements and arrangements made reinforced the Bank's innovative vision, the efficiency and quality of loan processes were boosted, and customer portfolio management processes were made more convenient to the extent allowed by laws during the pandemic.

Attaching importance to asset quality and boasting integrated systems generating quick results, Kuveyt Türk Loans Group helped the Bank remain below the sector average in NLP ratios and contributed to higher customer satisfaction rates in loan allocation processes in 2021.

A Project Finance Monitoring Desk was set up to monitor the correlation between the feasibility reports for projects evaluated and financed by the Project and Structured Finance Department and their realization rates in a more effective manner.

In 2021, a transition was made from wet signatures to e-signatures in Loan Policies and Implementation Principles, which contributed to the Bank's sustainability goals.

HIGHLIGHT PROJECTS OF 2021

Many projects continued under the auspices and ownership of the Loans Group, while improvements were made in existing products and services in 2021:

Next-Gen Smart Credit Evaluation System (CredereArt)

Financial Analysis and Allocation is a module within BOA, the IT infrastructure of Kuveyt Türk. This module was re-developed in a manner to reflect the Bank's future potential truly. This transformation is aimed at equipping the Bank's systems with a credit assessment tool capable of hyper-automation via analytical models featuring augmented intelligence. The tool will significantly reduce the time spent on credit analyses, reporting, and decision-making processes, and result in time savings. In addition, the suggestion system -- which is driven by the synergy of artificial intelligence and practical information -- will help determine clients' credibility, balance sheet and off-balance sheet analyses, and optimum operating conditions on credit. This will make it easier for the Bank to manage asset quality via sound and sustainable means.

Next-Gen Agricultural Banking Loans Project

Integration with TARDES was made to support credit allocation processes under the project intended to expand Kuveyt Türk's market share in the agricultural industry. Efforts are ongoing to add an Agricultural Loan Model to credit decision support systems in furtherance of this structure to help the Bank offer quick and easy allocation opportunities to the industry.

International Supply Chain Finance Project

A significant portion of this project was completed in 2021 and will be rolled out in 2022. A structure is being developed where collection, payment guarantee, and finance processes are carried out via FCI member institutions. Factoring activities will be conducted in conformity with Islamic principles, enabling the Bank to offer operational and financial convenience to exporters, and the main goal is to contribute to the current account balance of Turkey.

Finance Via Participation

Musharakah, a fund extension method in participation banking, will be implemented under this project, whereby a financing model is being established to address Kuveyt Türk's clients' needs with a 360-degree perspective. As pilot practices were run in 2021, the project will be launched within 2022.

Sustainability Project

Environmental, Social, and Governance Implementation Principles were established and incorporated in the Bank's Loan Policy as part of this Sustainability Project initiated in 2021. Data studies were conducted for the areas of responsibility of the Loans Group during the issuance of Green Sukuk in September 2021. The Department laid out the roadmap for the actions that Kuveyt Türk must take to shape its sustainability strategy, by attending workshops and seminars in the last quarter of the year.

Vehicle and Housing Finance via Digital Channels

Kuveyt Türk is among the stakeholders of this project initiated in June 2020. In June 2021, as part of Phase 1, Kuveyt Türk Mobile was enabled to receive applications for this loan. Efforts are ongoing to migrate, end-to-end, all processes to the mobile sphere in the furtherance of the project. The goal is to run this system for the allocation of vehicle finance in 2022 and housing finance in 2023.

Analytic Retail Expenditure Estimation Model

Works began in the second half of 2021 for this project which is an extension to the Analytic Retail Revenue Estimation Model launched for active use in 2019. The plan is to roll out the model in 2022 and to see improved efficiency and quality in retail credit allocation processes.

Strategy

STRATEGY PLANNING AND CORPORATE PERFORMANCE MANAGEMENT DEPARTMENT SETS KUVEYT TÜRK'S MEDIUM AND LONG-TERM STRATEGIES AND POLICIES.

Cementing its position among the top ten by asset size in Turkey, Kuveyt Türk finalized efforts on the strategic plan for 2025 with the leadership of the Strategy Planning and Corporate Performance Management Department.

STRATEGY PLANNING AND CORPORATE PERFORMANCE MANAGEMENT

The department identifies Kuveyt Türk's medium-term and long-term strategies and policies in line with the mission and vision of the Bank, macroeconomic outlook, current banking trends, and the competitive environment; and conducts goal-setting studies with the business units in a coordinated manner, and executes these goals.

The Strategy Planning and Corporate Performance Management Department develops performance criteria in areas falling under its remit, administers improvement of the services, and compiles, analyzes, and interprets the information and the data related to the performance. The performance targets of the divisions are determined according to the strategic roadmap, projects developed, and priorities. Performance metrics and Key Performance Indicators (KPIs) are used as a management tool to help the Bank act in parallel with its strategic priorities. Also among the functions of the Department is to examine the external factors that can affect products and services, to conduct capacity research within the Bank, to analyze both the effectiveness of the products and services and the profitability level, and to conduct general research. Some other tasks of the Department include making sure that the Bank's annual budget is prepared by taking the strategic plans and the annual

performance program into account, and monitoring and evaluating if the Bank operates in line with the strategic priorities. In addition to all of the above, ensuring that necessary updates are made to segment criteria as the owner of the segmentation structure; keeping product and service tree and channel structures up to date and functioning; developing new projects and keeping current projects up-to-date as the lead for efforts involving customer, product and channel efficacy; making location and efficiency analysis for branches also fall under the remit of the Strategy Planning and Corporate Performance Management Department.

Cementing its position among the top ten by asset size in Turkey, Kuveyt Türk finalized efforts on the strategic plan for 2025 with the leadership of the Strategy Planning and Corporate Performance Management Department. In light of this strategy, the Bank strives to place the customer at the core of everything it does, to provide an uninterrupted, easy, quick, and seamless experience to customers, and to become a financial institution offering the best customer experience. Making the most effective use of data in all decision-making mechanisms, the Bank develops data-driven business models of the future, while maintaining its cautious approach toward asset quality and liquidity and thus differentiating itself positively in the industry. Meanwhile, taking steps to boost fund extension volumes, and expanding the support to commercial clients with a particular focus on foreign trade clientele, make up a significant part of the Bank's strategy. Diversifying the types of finance, and gaining an influence over agriculture, tourism, and energy -- which inject dynamism to Turkey's economy -- are also among the Bank's plans. To strengthen the Participation Finance Group approach, Kuveyt Türk subsidiaries follow an aligned policy with the Bank and remain highlight brands in different fields of the financial sector. This will be a new period during which physical branches will be re-positioned as dynamic marketing and consulting points that respond to customers' qualified and added-value requirements by offering a seamless experience in this digital era. Taking today's dynamics into account, the Bank aims to attain optimum productivity at physical locations.

STRATEGIC PROGRAM MANAGEMENT OFFICE

The main duties of Kuveyt Türk's Strategic Program Management Office are to manage the projects in line with the corporate strategy, take necessary steps to initiate the projects so as to reach strategic objectives; and monitor all strategic actions from a single point. In 2021, 32 out of 70 projects within the strategic roadmap were completed. Remaining 38 projects are ongoing as planned and contribute to the achievement of strategic goals. Some strategic projects ongoing or completed as of the end of 2021 are provided below:

Digital Portfolio Management Project: The institution develops its product range with a focus on customers' needs and behaviors, and implements marketing strategies accordingly. Meanwhile, customer-oriented and effectively managed human resources aligned with digital processes, as well as digitalized business models come to the fore. "Digital Portfolio Management" is a project conducted with the vision of providing portfolio management services, normally provided to customers at branches, through a better experience and customized, personalized service design, via digital channels, remotely or centrally, while creating a synergy with the branch.

Mobile Branch Video Chat Program: The program is aimed at equipping Kuveyt Türk Mobile with video chat features to improve customer experience, move in-branch transactions to the digital environment with a more secure business model, and reducing operational costs of branches. The program helped deploy services including video chat and account opening on Kuveyt Türk Mobile, transactions backed by video calls on the website for the disabled customers, authentication, and transaction limit updates. Efforts towards experience excellence are ongoing.

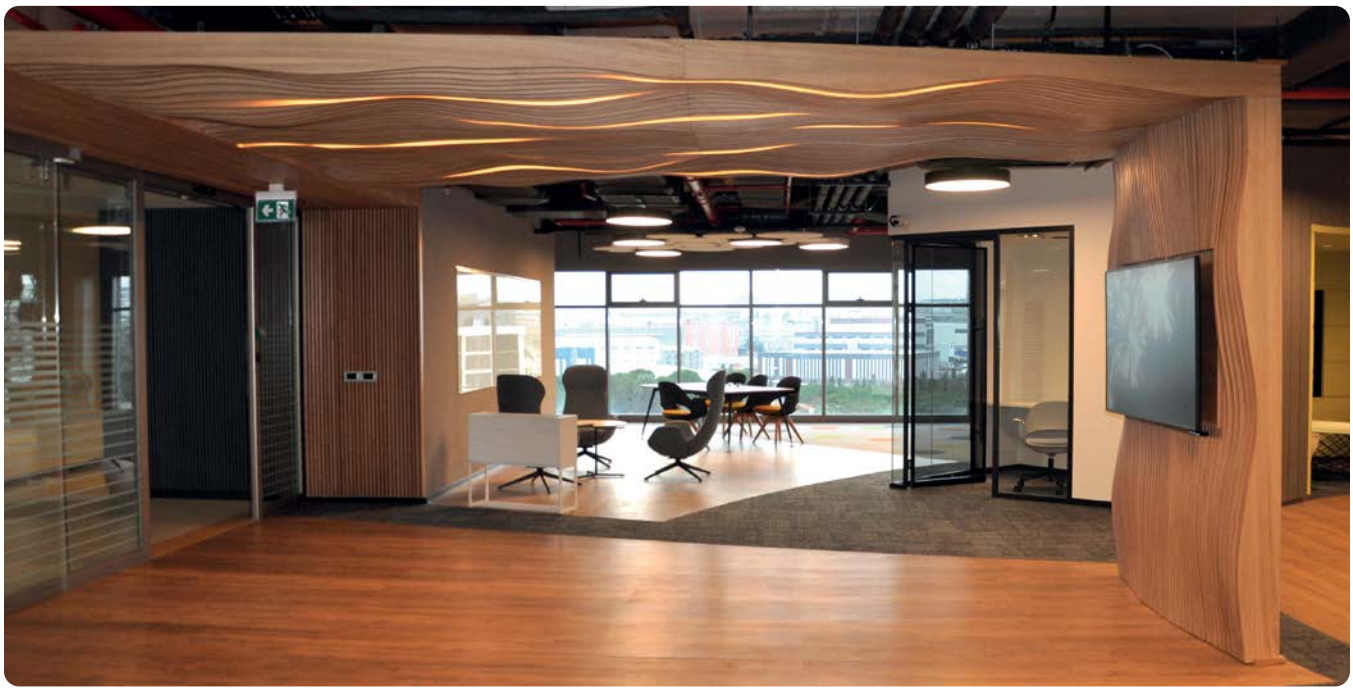
Paperless Branch Banking: Mobile approval and on-tablet digital signature efforts were undertaken to eliminate the use of paper and digitize the processes at the branches. The mobile approval function was introduced to customers in 2020, and on-tablet digital signatures were made available in 2021.

Voice Technologies: Meeting customers' financial needs on IVR while providing them the convenience of a conversation was the aim of this project in addition to increasing operational efficiency. The Voice IVR channel was launched with additional features during the year.

Chatbot: Selim, the digital assistant of the Bank, was launched in 2020 on digital channels. In 2021, Selim commenced services on WhatsApp, in addition to Kuveyt Türk Mobile and Internet Branch, so as to respond to frequently asked questions. Digital assistants that boost customer experience are also intended to cut operational workloads. Kuveyt Türk's Digital Assistant Selim won an award in the category of "Best Digital Customer Experience - Financial Services" at International UX Awards.

Strategy

AS A NEW FINANCING METHOD AND PRODUCT, "FUND EXTENSION VIA PARTICIPATION" IS DESIGNED TO PROVIDE AN ALTERNATIVE TO MURABAHA, NAMELY NEW ISLAMIC FINANCE PRODUCTS OF MUSHARAKAH AND MUDARABAH FOR ENTERPRISES IN NEED OF CAPITAL.



Digital Analytical Experience Project: This project is aimed at measuring and tracking customer experience on digital channels, analyzing customer behavior, and improving services provided. This enables the Bank to analyze customers' digital footprint through analytical models, and manage customer communications in a more effective manner.

Next-Gen Fund Extension Project: Fund extensions are being re-designed with a focus on efficiency and experience. With an efficiency-driven design, manual steps of the credit process were automated, transaction times reduced and processes standardized. The highly automated fund extension process was moved to the new infrastructure, allowing clients to initiate and end their credit processes by themselves.

Fund Extension via Participation: As a new financing method and product, "Fund Extension via Participation" is designed to provide an alternative to murabaha, namely new Islamic finance products of Musharakah and Mudarabah for enterprises in need of capital. This product is intended to generate value for customers in a concept of consulting banking, and helping the customer reach finance in the most proper manner. The project is planned for completion in 2022.

KUVEYT TÜRK ROLLED OUT "AGILE MANAGEMENT" GRADUALLY AS A METHODOLOGY IN BUSINESS AND PROJECT MANAGEMENT TO FOCUS ON ITS BUSINESS OBJECTIVES MORE EFFECTIVELY AND DERIVE THE MOST VALUABLE OUTPUTS AT EARLY STAGES.

Miles&Smiles: Miles&Smiles credit cards have been added to Kuveyt Türk's portfolio with this project. Following the launch in October, Miles&Smiles credit cards were made available for use by Kuveyt Türk customers.

Agile Transformation: Kuveyt Türk rolled out "Agile Management" gradually as a methodology in business and project management to focus on its business objectives more effectively and derive the most valuable inputs at early stages. Five pilot agile teams were formed in the first stage of the Agile Transformation journey. Spotify Scrum Model was incorporated in processes whereby 5 pilot teams worked with fully agile methods for 9 months. This way, awareness for Agile culture was raised, resulting in gains to serve as a guiding light for Bank-wide adoption. As part of the methodology, efforts were started for the Tribe model, and a tribe of 6 teams was established. Studies are ongoing for new tribes.

Data-Driven Banking: With a vision to make the most of data, Kuveyt Türk's near future, medium-term and long-term data strategy was set and activities to be conducted to reach this strategy were identified. The project started with the measurement of Kuveyt Türk's data maturity as per international criteria. Kuveyt Türk's future data status design, data governance framework, strategy, roadmap, and the list of projects/ initiatives were developed and necessary works started according to the findings.

Value-Driven Performance Management: The project is aimed at transforming the performance culture that is aligned with Kuveyt Türk's values and the requirements of the new era. The current performance system is backed by career, development, teamwork-based rewarding, and recognition processes. Works are ongoing to re-design the system with a focus on targets, competencies, and feedback to boost employee loyalty.

Branch Business Model: The goal is to revamp the operating models of branches with a focus on today's trends and needs so that a branch business model is designed and deployed for the best-in-class branch experience for customers.

FCI - International Supply Chain Finance (ISCF): In 2021, the Bank became a member of FCI, a global organization of financial institutions that enables its members to serve as a guarantor to one another in their clients' foreign trade transactions. Development activities for the new product of International Supply Chain Finance were completed, which will allow customers with export operations to access finance and collection services in exports involving cash against goods without additional collateral only with their invoices.

Digital Transformation and Innovation

KUVEYT TÜRK ENHANCED SERVICE CAPACITY VIA THE USE OF DIGITAL METHODS, TECHNOLOGIES, AND TECHNOLOGICAL CHANNELS, THUS IMPROVING THE EXPERIENCE OFFERED TO CUSTOMERS.

NUMBER OF FINTECH PARTNERSHIPS

20

Digital Transformation and Innovation Department partnered with 20 FinTechs in 2021.

OUR STRATEGIES ARE READY TO PREDICT FUTURE BANKING TRENDS

Digitalization has been set as a top priority for Kuveyt Türk's 2025 strategy. The Bank intensified efforts toward its digital transformation journey with an innovative understanding and a global vision. Rolling out numerous projects, it has enhanced service capacity via the use of digital methods, technologies, and technological channels, thus improving the experience offered to customers. A digital maturity model was developed for Kuveyt Türk to annually measure and evaluate the existing maturity in this area. The model focuses on a few themes including digital strategy, digital channels and sales, digital customer experience, analytics, organization and culture, and business models.

By considering its current maturity level and the digital strategic goals for 2025, Kuveyt Türk has updated its "Digital Roadmap," while drawing up other roadmaps -- such as "Open Banking Roadmap" and "Analytical Roadmap" -- with the same perspective. Kuveyt Türk strives to give the industry a new direction through its innovative mindset and therefore it accelerated innovation activities supported by internal and external innovative models. The Bank also included innovation-related future strategies in its Digital Roadmap to foster sustainable value generation capabilities and maintain its successful progress.

WE INVOLVE ALL STAKEHOLDERS IN OUR DIGITAL TRANSFORMATION JOURNEY

Kuveyt Türk has open banking and Fintech partnership processes in place as a pioneering bank in Turkey through the initiatives developed in this context. The APIs offered on the Bank's API Market platform enable integration with interface developers via APIs. The Digital Transformation and Innovation Department run FinTech integration processes of Kuveyt Türk. To improve services provided to customers, offer different solutions, and contribute to the ecosystem, the Department held meetings with 60 firms and partnered with 20 FinTechs in 2021.

Sağlam Fikir (Robust Idea) was established as a platform to collect employees' ideas at Kuveyt Türk. There are two processes: thematic calls to meet the demands of departments or project teams, and the improvement ideas process that is announced in different periods. 336 ideas were submitted for the improvement ideas; 423 ideas were submitted for various thematic calls. 32 of these ideas were considered viable and included in the plan. Idea owners were rewarded.

"Digital Talks" series launched in 2020 continued in 2021. Online events on different themes, such as "New Generation Colleagues: Robots," "What To Transfer from the Past of Banking to the Future," "What Kind of a Customer Experience in Digital Age" were accessible to all internal and external stakeholders. In addition, Digital Bulletins are released to give updates on global and local developments related to digital transformation, innovation, and the FinTech ecosystem.

In December, the Bank established "Fikr'inn" as a platform to generate innovative ideas and deliver a better customer experience in light of customers' feedback on the Bank's products and services. Open to everyone, this platform is designed to collect ideas that the youth, students, retail and commercial customers alike believe can trigger major changes in the finance industry, and help put the ideas that are viable into practice. The platform will be made accessible for all stakeholders within the Bank's ecosystem in 2022.

The Innovation Team activities, initiated in 2019 to promote internal entrepreneurship, continue on digital channels because of the pandemic. To foster the innovation culture, studies will be conducted on the themes identified by innovation teams, who include people from different departments, while new solutions will be sought for the issues that Kuveyt Türk tackles. Innovation teams aim to turn those products that reach maturity via innovative approaches such as customer-centric thinking and lean entrepreneurship into products.

Some 350 applications were submitted for the first edition of the Ideathon contest organized in May 2021 with the theme of "the Banking of the Future." Kuveyt Türk delivered Design Thinking training to 11 finalists selected by the jury sub-committee in the contest. In the next phase, finalists had the chance to develop and deepen ideas together with their mentors who are Kuveyt Türk employees. As part of the contest, a talk titled "What To Transfer from the Past of Banking to the Future" was organized. A project was initiated at Kuveyt Türk to implement the winning idea in real life.

OUR GOALS FOR 2022

Activities kicked off to create a new Kuveyt Türk API Market Platform in a manner to strengthen the technological infrastructure and to guarantee better service delivery in late 2021. The Bank will continue to develop new APIs for open banking, and partner with FinTech firms that have innovative business models in 2022. Focused on turning employee suggestions into a value thanks to the Robust Idea platform, the Bank has extended this approach to a wider group of stakeholders with "Fikr'inn." Thematic calls will be made to collect the ideas of startups and the youth -- students, in particular. Ideathons, in which university students take part and their ideas are turned into projects, will continue in 2022.

Information Technologies (IT)

SUBSIDIZED PROJECTS SUPPORTED BY THE EUROPEAN UNION AND TÜBİTAK AND INTERNALLY-FUNDED R&D PROJECTS CREATE ADDED VALUE FOR KUVEYT TÜRK AND TURKEY ALIKE.

NUMBER OF R&D PROJECTS

27

Kuveyt Türk worked on 27 R&D Projects, 26 with internal resources and one subsidized in 2021.

Looking at the evolution of finance and banking industries, it is clear that both have been early adopters of technology developments and even developed technology to boost efficiency and provide a better service to the customers. Banking is the fastest industry to transform existing capabilities via next-gen technologies including digitalization, mobile services, robots, open platforms, artificial intelligence, and cloud services. Kuveyt Türk Information Technologies pursues the vision of "serving as an agile IT organization that is capable of quick adaptation to change, developing high-tech solutions, leading the sector, and providing trust. The Department continues services to develop adjustable, robust, sustainable, and secure high-tech solutions with an employee-oriented approach. Information Technologies develops software programs necessary to address the Bank's business requirements in line with quality standards, while providing the systemic infrastructure and services for such software to run seamlessly. This is how it ensures uninterrupted and effective business processes.

Kuveyt Türk is Turkey's only bank with two R&D centers and boasts ten years of R&D experience in the banking and finance industry. Kuveyt Türk R&D Center makes significant contributions to university-industry cooperation. In this regard, specialist employees deliver classes and seminars as part of the curriculum

developed at Sakarya University, Kocaeli University, Yalova University, Gebze Technical University, İstanbul Technical University (ARI Teknokent), and Konya Karatay University. Subsidized projects supported by the European Union and TÜBİTAK, as well as internally-funded R&D projects, create added value for Kuveyt Türk and Turkey alike. Accordingly, the Bank worked on 27 R&D Projects, 26 with internal resources and one subsidized. 12 scientific papers were published as a result of these efforts. Moreover, 67 Kuveyt Türk employees were granted graduate training support.

Lonca Entrepreneurship Center, a point where the Bank interacts with technology and entrepreneurs, was transformed into a truly digital entrepreneurship center in 2021. All processes were designed according to the new normal. 11 initiatives selected for the 6th term, which kicked off in January 2021 and continued for six months, underwent training and mentoring sessions of over 40 days, and network and communication support to grow their business, as well as an office environment for their work, was provided. An additional TL 395,000 of the grant was provided in cash to support these startups in preparing their products. As for the 7th term pre-incubation program, which started in November 2021, 19 startups were selected and started to receive special training and mentoring sessions.

In addition to its special program, Lonca extends support to entrepreneurs as a TÜBİTAK BiGG Implementer together with İTÜ ARI Technocity. As part of BiGG, which provides the opportunity of TL 200 thousand in grants, various ventures were delivered training and mentoring support, while 13 entrepreneurs were entitled to the grant of TL 200 thousand. The Bank plans to move Lonca to its campus in Mecidiyeköy in 2022.

INNOVATIVE PROJECTS SHAPED IN LIGHT OF CUSTOMER NEEDS AND EXPECTATIONS

In 2021, Kuveyt Türk Information Technologies gained speed in developing projects with a focus on independent platforms. Numerous projects were designed with the capability of service delivery on mobile channels. Once the "Account

Opening via Video Calls" was approved by laws and regulations, the process involving the Bank's clients opening accounts via mobile channels regardless of location was integrated with the core banking platform. This enabled people to open accounts with the Bank via video calls without having to visit a branch.

"Digital Consumer Finance" was rolled out to allow payments at contracted e-commerce websites and dealers for the e-commerce finance product. A new structure was developed to run domestic market fund extensions in new, more automated screens, and allow customers to receive extensions on digital channels end to end without having to visit a branch.

"Payment Systems Infrastructure Project," which will position Kuveyt Türk as a leader in the industry, was completed. Efforts are ongoing to migrate credit cards and open merchant terminals (POS) from old payment systems to the new system. Finalization is expected to be in the first quarter of 2022. In addition, Miles&Smiles enabled credit cards and debit cards are now produced as part of the deal between Turkish Airlines and the Bank. All services linked with the card are offered on digital channels.

In 2021, numerous implementation and development works were completed to reduce customers' reliance on physical channels at Kuveyt Türk. A single digital password for all channels has been an option made available for customers to ensure convenience with transactions. Furthermore, "Voice IVR" has been launched whereby they can give audio instructions for the transactions of their choice when they contact the Call Center. Contracts and documents requiring a wet signature from customers are now prepared digitally and approved with a mobile approval on Kuveyt Türk Mobile. Necessary developments were made to enable QR code transactions with other banks' mobile apps at Kuveyt Türk ATMs. Limits can now be increased through video calls without customers having to go to branches. Customers are also able to receive their digital channel passwords with their Turkish ID cards via using the NFC feature of their smartphones. Integration with the FAST system allows cash transfers to all banks 24/7, with no regard to working hours. For an easier process in transactions, customers are provided the option of "KOLAS" (Easy Addressing: a next-gen cash transfer method matching customers' GSM number, Turkish ID no or e-mail details with the account number to use them in place of IBAN). Kuveyt Türk customers can now monitor their SWIFT transactions on digital channels. KT Bank AG, on the other hand, increased the number of transactions that can be performed digitally. Retail customers will be able to open gold accounts and perform gold transactions on digital channels, rather than visiting a branch or contacting the Call Center.

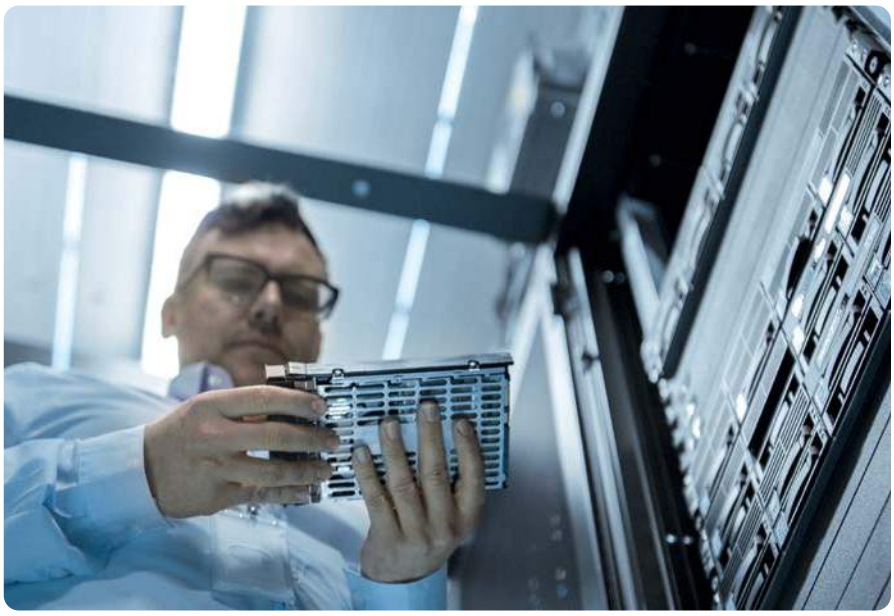
In the reporting period, new features have been introduced to banking services. "A Funds Basket Account" was developed that blends the participation account with investment funds in a single basket, helps diversify customers' investments, and generate more advantageous returns. 25% of the investments are utilized in participation accounts with advantageous profit sharing ratios, and 75% is utilized in an investment fund created especially for this account. A "Sukuk Basket Account" was developed that combines the Participation Account and Lease Certificate to safely generate return on rentals. The customer's investment will be distributed proportionately,

Information Technologies (IT)

A "SUKUK BASKET ACCOUNT" WAS DEVELOPED THAT COMBINES THE PARTICIPATION ACCOUNT AND LEASE CERTIFICATE TO SAFELY GENERATE RETURN ON RENTALS.

between one Kuveyt Türk sukuk and participation account. A supply chain finance structure was established upon integration with FCI (Factors Chain International, umbrella organization for factoring firms). Kuveyt Türk is now able to work with these firms according to certain rules, and aims to boost the exports volume of the Bank and Turkey with the payment guarantee provided by a correspondent factoring firm.

Boasting quite robust financing tools, Kuveyt Türk introduced new capabilities and features to these instruments. "Financing e-commerce" is a system where customers can instantly take out an instalment consumer loan to cover their purchases on e-commerce websites provided that certain rules are followed. Another product in this area is a financing product involving the implementation of a commercial transaction via a partnership to be established between Kuveyt Türk and customer, and sharing of the profit generated between the parties in the ratios determined. "Inflation-Indexed Loan" is a product based on the principle of increasing the "karz/loan" in line with inflation rates, and conducting revaluation on a monthly basis to update the profits generated over instalments.



Projects and various system integrations aimed at internal customers include smart assistant, Mobile 360, value-driven performance management, and development kitchen to help employees access data faster, and digitize decision-making, monitoring and manual processes. "Mobile 360" has enabled employees to access the details of customers in their portfolio faster, and from mobile channels. Digital transformation of human resources processes has ensured faster response to employee requests.

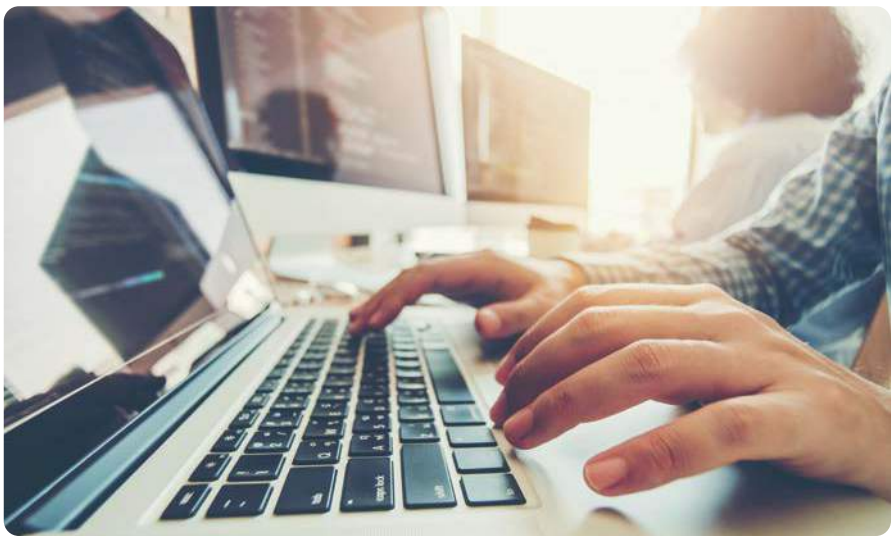
Procurement processes were transformed into an e-bidding system to ensure procurements are finalized with the best offer, transparently and swiftly. Studies were done to send official letters with postal delivery via Registered Electronic Mails (KEP). The Bank started to reply some official letters automatically.

"Speech Analysis Project" transcribed all calls at the Call Center into a text. These texts were analyzed to improve the quality of future calls and customer satisfaction.

Integration of sukuk selling/buying and sukuk-backed transactions performed on the sukuk markets of Borsa Istanbul with the core banking system was completed. The automatic transfer of transactions has reduced operational burden and minimized the risk of operational errors.

"E-Mortgage integration" has brought an end to receiving mortgage via attorneys, eliminating the cost of intermediary parties and resulting in financial gains. This has also reduced operational burden, moving the mortgage process to the bank and saving time, and the use of most advanced technologies accelerated mortgage processes and improved service quality. Customer satisfaction has risen significantly, as well.

Data and all processes related with Bahrain syndication projects, conducted manually via multiple Excel files, are now monitored via the core banking system. The new structure of overall controls divided the overall control items into two: 34 being special and 30 bullet points. Remaining overall bullet points were separated by source (screen). The screens where all items are running were simplified. This helped solve part of the problems caused by the allocated work time of the screens retrieved from external applications. Special items, on the other hand, were developed in the form of mutual procedures for mutual headings that are retrieved only on relevant screens, bringing about convenience in terms of performance and management.



INFRASTRUCTURE INVESTMENTS FOCUSED ON SECURITY, AUTOMATATION AND EFFICIENCY

Investments in Information Technologies continued in 2021 taking technology developments and changing conditions triggered by the pandemic into account.

The Communication infrastructure was strengthened by fiber optic infrastructure via service procurement from different operators to guarantee a robust backup for the Bank's branches and data centers. Application virtualization and management (Kubernetes) platforms were established and innovations rolled out at the Bank to respond to new business requirements. The strategy for cloud systems was established; potential products and services were evaluated. Processes were established to install and operate cloud-ready infrastructures. Manual works were automated and systems were monitored 24/7, paving the way for improvement in services. Automation was used to add servers for channels exposed to workload at busy times; screens were managed to take off and ease the burden on the systems. Automations deployed include server installations; getting, monitoring and managing backups; as well as critical tasks such as recovery. Efforts were undertaken to install smart systems. The Department also worked on reinforcing 24/7 monitoring features by installing infrastructures and preparing interfaces to help closely monitor the performance status of apps, take proactive action prior to problems, and run controls. Continuous database and server performance improvement efforts helped boost the capacity and robustness of the infrastructure to operate consistently at normal times and when under burden. Open source NOSQL Database systems were installed and utilized.

Security was another priority item on the agenda for Kuveyt Türk Information Technologies in 2021. In addition to deploying critical updates for the Bank, the Department carried out configuration works for all monitoring apps so that high priority infrastructure systems are monitored effectively. Rising cyber security attacks and sector developments were taken into account in increasing the line capacity. Meanwhile, in order to check the Bank's maturity level for current types of attacks, tests were run and improvements were made in light of test findings. This helped raise the level of maturity against DDOS attacks. Full disk encryptions on all clients, including laptops, were made to boost data security of the disks inside laptops or desktops sent to the support firm, guaranteeing protection in the case of theft or losses. Improvement and consolidation activities were carried out for all policies defined in the WAF system deployed so as to guarantee the security of incoming web requests received by the Bank from external sources. In addition, country-based authorizations were rolled out to restrict access. Radius, which is an authentication system for around 30,000 SIM cards used in POS and Offline POS devices, was moved to a corporate infrastructure, helping the Bank attain hardware backups. At the Cyber Incident Management Center, a robotic warning system was installed capable of making calls 24/7 without human intervention for critical cyber incidents. The first cyber incident can be flexibly and promptly addressed with the Mobile App. As a leader in the industry, we have done purple and red team exercises with our human resources for the first time. The purple team exercise is a testing exercise in which all tactics and techniques of an APT hacker group are used against internal systems to check the institution's level of preparedness against this attack. The red team exercise is aimed at checking penetration in the systems, carried out unannounced with a hacker's perspective. Maturity levels were raised for sensitive data scanning, review of logs and code analyses to prevent data leakage in source codes, servers and end user devices.

Information Technologies (IT)

FOREIGN LANGUAGE NOTIFICATIONS TO FOREIGN CUSTOMERS, PROVISION OF CUSTOMER NUMBERS, AND COMPLIANCE WITH NOTIFICATION CENTER FILTER INFRASTRUCTURE WERE MADE MANDATORY.

The infrastructure of Kuveyt Türk's core banking system was continuously improved. Infrastructures were developed to enable use of various technologies. Examinations were carried out and reports drawn up to improve system performance. Enhancements were introduced to the infrastructure of tasks, messages, reports, and statements. The logging system was taken outside the core banking system to reduce the load on the application layer. To respond to the requests of BRSA, the BOA log infrastructure was changed to eliminate findings related to trace logs. Transformation of this tool began. Open banking infrastructure architectural topology was identified. The Kafka queue mechanism was deployed and an architecture to run in the Kubernetes environment was designed and rolled out. APIGo, developed by Architecht in the form of SaaS, was integrated with Kuveyt Türk's API Platform. API calls from FinTechs will first reach APIGo, rather than directly reaching Kuveyt Türk API Banking platform. This will hand Firewall/Security controls over to APIGo as part of first-level communication with FinTechs. Corporate Infrastructure meta model was updated, while processes were studied for the server, department, and business architecture. Catalog data was updated as stipulated in the communique of BRSA.

Numerous features were added to the components that make up the core banking system. Foreign language notifications to foreign customers, provision of customer numbers, and compliance with notification center filtering infrastructure were made mandatory. This will ensure the compliance of notifications with the laws and improve customer satisfaction. Request management process of Pusula was re-examined in meetings with stakeholders to handle software development requests from business units more effectively, run a more traceable request process, and accelerate IT software development processes. The core banking system was integrated with a solution capable of reading customers' ID and passport information to serve as a basis for new regulations that will enable remote account opening and information updating tasks, and to minimize fraud risks. This solution will enable the chips on ID cards and passports to be scanned via NFC-enabled tablets at the branches, to confirm authentication of document and to transfer the information on it to the system. Müşteri360 and Portföy360 modules currently in use were migrated from WPF technology to REACT technology and made accessible everywhere.

PRACTICES DURING THE PANDEMIC TO GUARANTEE SERVICE CONTINUITY

The impact of the pandemic was still felt heavily in 2021, especially in the first half of the year. In that period, Kuveyt Türk Information Technologies staff sometimes worked 100% home and sometimes adopted the hybrid working model, working in alternating schedules to continue their services. This helped protect the health of employees while guaranteeing business continuity with no compromise on service quality. No change was made to project realization rates, and daily progress was measured in remote meetings to maintain shared spirit and synergy towards these goals.

Various management apps were installed on the devices of users to meet the preliminary requirements of remote work. The use of Skype and Teams was on the rise, while current systems served without respite thanks to the optimizations and improvements introduced in this period. Laptop computers and special end-user products were allocated upon installation to many employees scheduled to work from home during the pandemic. With customer acquisition taking place remotely, rising bandwidth requirements were also addressed and necessary infrastructure adjustments made. Again during the pandemic, load-leveling infrastructures were renewed and reinforced continuously to help tackle the load on Internet-enabled applications.

The number of transactions customers can perform without having to visit a branch was increased with new applications developed in this period. An API was introduced to the Social Security Institution for the payment of retirement benefits. This enabled pensioners to move their pensions via the e-government application. At ATMs, the QR code-enabled transactions have been moved to the main screen to help customers withdraw cash without having to touch the keys. QR code cash deposit and approval screens were simplified. Potential customers were enabled to become customers and open accounts via video chats without having to visit a branch. Meanwhile, the necessity to visit a branch to increase limits has also been eliminated.

During the year, customers were offered the chance to postpone the due installments they were not able to pay and perform these transactions on digital channels. Customers are now able to approve requested documents via mobile channels and view and approve those documents requiring a signature on the mobile app. As per the decision passed by BRSA during the pandemic, the time for transfer to NPL status was extended from 90 days to 180 days (number of delay days). Therefore, the Bank's main overdue receivables transfer transactions were revised for compliance with legal procedures.

OUR GOALS FOR 2022

"Ongoing Framework Renovation on Android Mobile App" is at the forefront of Kuveyt Türk Information Technologies' plans for infrastructure investments in 2022. Aimed at modernizing existing infrastructure and improving DevOps and CI/CD processes, the project will help revamp the mobile branch user experience and introduce a new experience to users. Development of the staff and installation of systems in respect of the robust systems ready for open banking infrastructures continues. These systems will feature up-to-date and robust infrastructures where the Banking systems will have uninterrupted service delivery in parallel with growth. Existing apps and infrastructures will be modernized, as well. A corporate data warehouse will be established in line with current trends. This will help develop data-driven projects and serve the Bank's goals more effectively.

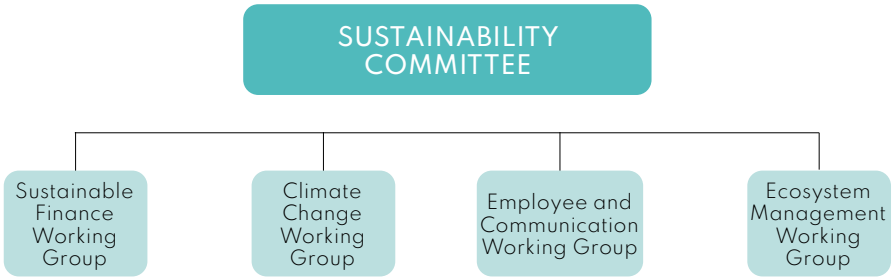
There are plans to finalize the project for "Digital Housing and Vehicle Finance" in 2022. Under this project, customers will be able to monitor offer, allocation, and project steps on Kuveyt Türk Mobile, approve their contracts on the mobile app, and upload required documentation on the system. Another ongoing project is "CredereArt" which is designed to reduce the time spent in reporting significantly and help users prepare "Financial Analysis/Credit Allocation" reports with minimum effort and in full detail. Artificial intelligence models will be established to determine customers' credibility with maximum accuracy, while the Bank will acquire all essential tools to maintain and improve its asset quality.

A system will be developed to monitor and report the serial numbers of cash deposited at or withdrawn from Kuveyt Türk branches. This system will ensure that serial numbers of all the bills counted with Huter and Lidix bill counters installed within the branches will be read, logged, and stored in the system. Stored data will be utilized to develop control and approval mechanisms to take measures against fraud and forging incidents that may be involved in transactions performed at the Branches. There will be a transition from SMS-TAN, the current two-factor authentication system also for KT Bank AG, to biometric authentication solutions. The plan with this transition is to gain competitive advantage on digital markets.

Sustainability Approach

A SUSTAINABILITY COMMITTEE WAS ESTABLISHED AS PART OF THE EFFORTS RELATED TO THE SUSTAINABILITY PROJECT LAUNCHED AT KUVEYT TÜRK.

Kuveyt Türk shapes its activities with a focus on guaranteeing future generations' right to a quality life; respecting our Planet, all the living things in it, and humans; and preventing waste. In this respect, the Bank conducts environmental, social, and governance efforts, and strives to contribute to sustainability. In addition to its operations, the Bank also creates value for the environment and society through initiatives that enhance employees', customers', and other stakeholders' environmental awareness and saving mindset. The Bank has therefore set its eyes on becoming a pioneer in the development of sustainable banking and raising awareness in society. Indeed, working with its stakeholders, Kuveyt Türk develops practices, products, and services that have a minimum adverse impact on the environment. Adopting a responsible banking approach, prioritizing sustainability in decision-making processes, and contributing to sustainability with all the stakeholders of the Kuveyt Türk family are among the objectives. The core values Kuveyt Türk has embraced, technology infrastructure, and human resources are among defining factors in the success of the Bank's sustainability journey.



Championing sustainability in participation banking is the vision pursued at Kuveyt Türk. Accordingly, a Sustainability Policy was established to support Turkey's development, contribute to sustainable growth, and determine the principles for efforts and actions to be implemented in this area. The Sustainability Policy was published upon approval at the Board Meeting held on August 4.

OUR SUSTAINABILITY ORGANIZATION

Sustainability Committee:
A Sustainability Committee was formed as part of the efforts linked with the Sustainability Project initiated at Kuveyt Türk. The Committee works to help the Bank pass decisions on the steps planned in environmental, social and governance matters; adopt a responsible banking approach; and take sustainability into account in the Bank's decision making processes.

Working Groups: There are four working groups under the roof of the Sustainability Committee. The Committee will evaluate the suggestions submitted by working groups and make sure decisions are passed in relevant areas. Below is the organization of the Sustainability Committee and its working groups:

Sustainable Sukuk Issuance
Kuveyt Türk issued the world's first subordinated sustainable sukuk worth USD 350 million in 2021. The sukuk issue reached a value of USD 4.4 billion in total, while it collected 12.4 times more demand than the amount of issue. Garnering the highest demand ever received by a financial institution from Turkey, the transaction is also the most conveniently-priced issue since 2017 with an annual cost of 6.125%.

Social Responsibility

KUVEYT TÜRK PROMOTES OUR TRADITIONS AND PROTECTS CULTURAL HERITAGE WITH ITS APPROACH BASED ON "GROWING THROUGH VALUES THAT BIND US TOGETHER." EXPANDING SUPPORT TO HUMANITARIAN AID CAMPAIGNS, THE BANK TAKES RESPONSIBILITY FOR THE RENOVATION OF HISTORICAL ARTIFACTS; PROMOTES TRADITIONAL ARTS FOR THE RECOGNITION THEY DESERVE; AND PASSES REFERENCE MATERIALS IN LITERATURE, DOCUMENTARY, AND MUSIC TO FUTURE GENERATIONS.

KUVEYT TÜRK'S APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

While contributing to the progress of the participation finance industry with innovative products and services, Kuveyt Türk also delivers major social responsibility projects by adopting the approach of "growing together with the values that bind us together," and acting based on social values and protecting cultural heritage. The Bank also extends support to non-governmental organizations that develop projects in these areas.

Aware of its responsibility for society, Kuveyt Türk cares about properly passing the knowledge, experience, wisdom, and essential values of our ancient civilization to future generations.

Kuveyt Türk operates with the belief that it can survive as long as it creates value for society, gives back what it earns on this land, and turns it into benefits.

Turkish Red Crescent Society, Turkey Diyanet Foundation (The Religious Foundation of Turkey), and the Hope Foundation for Children with Cancer (KAÇUV) are among the non-governmental organizations supported to date. In addition, the Bank provides sponsorship and takes part in the national consciousness and commemoration camps of the Scouting and Guiding Federation of Turkey with its employees. Art Workshops are organized in collaboration with the Istanbul Branch of TDV KAGEM (The Women, Family and Youth Center of Türkiye Diyanet Vakfı). Regular courses are delivered to those who want to advance their career in the arts.

Social Responsibility

KUVEYT TÜRK RELEASED "IN PURSUIT OF ARTS AND THE ARTIST" AS A BOOK AIMED AT SERVING AS A REFERENCE MATERIAL FOR FUTURE GENERATIONS.

Meanwhile, Kuveyt Türk introduced the 1010 Explorer Coding and Robotic Training project in 2019 to prepare a platform for middle school students to develop themselves socially and psychologically, and contribute to their endeavors to become individuals that design and produce. Kuveyt Türk delivers training courses and equipment for schools to help younger generations prepare for the future by learning, designing technology, and producing projects. The plan is, once the pandemic comes to an end, to re-start coding and robotic courses that were suspended due to the pandemic.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Highlight CSR activities of Kuveyt Türk in 2021 include a diverse range of areas from arts and culture to social solidarity campaigns. Some of these activities are provided below:

"In Pursuit of Arts and the Artist" added to the literature
Kuveyt Türk released "In Pursuit of Arts and the Artist" as a book aimed at serving as reference material for future generations. Shedding a light on the prowess and know-now of artists who are the present-day practitioners of our ancient traditions, the book looks into 30 arts and crafts in detail and covers their respective artists and their art pieces.

The book is edited by researcher-writer İbrahim Ethem Gören, and comes as a compilation of articles and over 240 interviews Ethem Gören did with artists and artisans for publication on the culture&arts portal of the Kuveyt Türk Private Banking service.

Looking through the pages of the book, art lovers will closely witness the artistic perspective, lives, skills, know-how, and art pieces of masters who are the present-day representatives of our ancient traditions. Art lovers can also observe the Ahi culture and Futuwwa-based moral behavior that artists embraced in their hearts and how they conveyed the principle of their virtues to their students with their actions and disposition.

"Two Masters from the Past to the Present" is one of the chapters of "In Pursuit of Arts and the Artist," a 408-page, voluminous book. The chapter covers the exemplary arts, aesthetics, and production of Ms. Fatma Rikkat Kunt, a master with great contributions to the art of illumination, and Prof. Dr. Ali Alparslan, the graceful gentlemen of calligraphy. The chapter titled "Two Masters from Today to the Future" illuminates the artistic worlds of Dr. Hüseyin Gündüz, schooled and self-trained calligrapher and trainer of trainers, and Ahmet Çoktan, who represent our art of katı', ebru (water marbling) and illumination.

Support for the Book "The Balkan Civilization from the Danube to Tundzha"
Kuveyt Türk also extended support to the book "The Balkan Civilization from the Danube to Tundzha" prepared by the International Culture and Language Research Association. Covering current information and readings into the civilization, this guidebook serves as reference material for tourist guides working in the Balkans, and it can be delivered to the libraries and schools providing education in the Turkish language in the Balkans. Kuveyt Türk provided TL 141,000 to the International Culture and Language Research Association for the compilation of content and publication of the book as a sponsor.

Support for the Translation of Fıqh Encyclopedia
Kuveyt Türk continued its support for cultural works in 2021. The Encyclopedia of Islamic Jurisprudence (Mausu'ah Al Fiqhiyah Al Kuwaitiyah) is the most comprehensive reference book for research in the field of Islamic law, interest-free finance economy, and fiqh consisting of 45 volumes. The Bank donated TL 500,000 to the Islamic Law Practice and Research Center of Fatih Sultan Mehmet Foundation University for its translation from Arabic to Turkish.

Contribution to the Works of Yedi İklim Library
Kuveyt Türk donated TL 1,000,000 to Üsküdar Municipality for the decoration and furnishing and needs of the library which is being renovated by the Üsküdar Municipality for further use by the Yedi İklim Association in cultural and social services.

Hygiene Package Support to KAÇUV
To raise awareness on the growing prevalence of cancer and offer a glimmer of hope to children undergoing cancer treatment, Kuveyt Türk has consistently supported the "Support for Hope" project conducted by the Hope Foundation for Children with Cancer (KAÇUV) since 2013. Kuveyt Türk opened the Second Family Home in Pendik on January 22, 2020, where it offers free-of-charge lodging to children and their families who need to come to Istanbul for cancer treatment. Opened with the support of the Bank, the Second Family Home of KAÇUV provides a convenient place for children undergoing treatment and their families. In addition to free-of-charge accommodation for children and their families, KAÇUV meets their needs for psycho-social services, food, hygiene, kitchen, and --partially-- clothing. Kuveyt continued to support KAÇUV during the pandemic. In 2021, it provided support to "Hope Boxes" to help meet the hygienic needs of children fighting cancer and their families.

Support for National Awareness and Commemoration Camps
Since 2017, Kuveyt Türk has sponsored the national awareness camps organized by the Guiding and Scouting Federation of Turkey in Çanakkale Martyrs' Memorial and Kars Sarıkamış Martyrs' Memorial. A group of employees regularly attend national awareness camps. In 2021, Kuveyt Türk was the official sponsor of the National Awareness and Commemoration Camp for the Allahuekber Mountain Martyrs organized by the Federation from December 23 to 26, 2021. Experienced scouting leaders from across Turkey take part in these camps. One of the authentic practices in these events is when -- in an environment where the felt temperature sees minus 30 Celcius degrees -- scouts lie back on the snow, close their eyes and contemplate on "martyrdom."

TDV KAGEM - Kuveyt Türk Art Workshops
Since 2018, around 200 participants take courses on traditional and modern arts every year at TDV KAGEM - Kuveyt Türk Art Workshops launched by the Bank in collaboration with the Women, Family and Youth Center (KAGEM) under Turkey's Religious Foundation (Diyanet Vakfı). TDV KAGEM - Kuveyt Türk Art Workshops act with the awareness that art is a bridge that conveys culture between generations. In addition to this, the healing and rehabilitating power of art is the belief behind art workshops aimed at children and youth under state protection. Kuveyt Türk rolled out a meaningful project in collaboration with TDV KAGEM in 2021. Art pieces by the participants of TDV KAGEM - Kuveyt Türk Art Workshops were exhibited to art lovers at Dolmabahçe Art Gallery from November 18 to 30. Traditional arts such as calligraphy, illumination, miniature, tile, water marbling, as well as watermark and charcoal paintings were among the art pieces exhibited.

Kuveyt Türk Stands by Those Affected by Floods and Wildfires
Fires and natural disasters hit our country in 2021. Kuveyt Türk stood by its nation with its support during those hard times and acted to heal the wounds caused by the floods that happened in Rize, Artvin, and Düzce. Support packages were prepared for retail customers based in the provinces hit by floods. The Bank decided to postpone, if and when requested, the retail credit card debts and retail finance installments of customers for three months, without any additional charge or profit share. Likewise, support packages were prepared for customers based in the regions suffering wildfires, and the Bank postponed, if and when requested, the retail credit card debts and retail finance installments of customers for three months, without any additional charge or profit share.

Our Focus Areas and Objectives
Kuveyt Türk aims to promote social values, expand financial inclusion and protect cultural heritage through social responsibility projects in 2022. The Bank's areas of focus, approaches, and objectives for social responsibility in 2022 are provided below:

- Publishing prestigious works to celebrate our ancient traditions and cultural heritage, and contribute to the promotion of this heritage with publications,
- Continuing social responsibility projects in alignment with the UN sustainable development goals and keeping sustainability at the forefront in these projects,
- Proceeding with current environmental sustainability projects and developing new projects,
- Standing by artists through exhibitions and art events,
- Sponsoring documentary projects and releasing works that will help preserve cultural values,
- Standing by the nation with financial support in all incidents that may take place during the year.

Environmental Responsibility

KUVEYT TÜRK RECYCLES PLASTICS, PAPER, AND OTHER RECYCLABLE WASTE ARISING FROM ITS ACTIVITIES, AND SENDS HAZARDOUS AND NON-RECYCLABLE WASTE TO DISPOSAL.

OUR ENVIRONMENTAL SUSTAINABILITY APPROACH

Kuveyt Türk monitors local and global developments on sustainability to contribute to it through actions to be taken in this area. In the periods to come, the Bank will set targets to minimize greenhouse emissions arising from its operations and boost support to transition to a low carbon economy, one of the key elements of sustainable development. The Bank develops environmental risk processes and places its sustainability perspective at the heart of everything it does. This way, it takes necessary actions to minimize the negative impacts of its investments.

In this regard, Kuveyt Türk recycles plastics, paper, and other recyclable waste arising from its operations, and sends those hazardous and non-recyclable waste to disposal. The goal is to develop processes and systems to reduce the generation of waste and attain continuous development in this area. To save electricity, water, and paper used as part of banking products and services, the Bank has efforts in place to establish a technological infrastructure, while plans are underway to restructure the physical elements making up the service network with the zero waste and green design principles.

Priority themes within Kuveyt Türk's environmental sustainability perspective include focusing on changing customer needs and expectations, offering products and services to address social or environmental issues, and continuously improving its products and services in line with technological developments.

Kuveyt Türk considers Planet Earth, where we lead our lives, as a guarantee for the future. It is with this understanding that the Bank strives to embed its sustainability approach into all its fields of operation. In an attempt to create an environmentally and ecologically sensitive corporate culture, the Bank takes steps to raise environmental awareness for employees, customers, shareholders, business partners, and all other stakeholders who are in interaction with its operations. This is how Kuveyt Türk ensures its environmental policies are adopted and implemented while working to achieve a lasting impact and thus broaden this mission via consistent and regular courses, announcements, and volunteering environment missionaries.

ZERO WASTE ACTIVITIES

In 2021, internal and external units of equipment were placed at Kuveyt Türk's Head Office and Banking Hub buildings as part of zero waste activities. With the support of employees, waste is separated at source, which helps the Bank deliver it to waste disposal firms and reclaim it after recycling. The harm arising from waste will be minimized by following the zero-waste process. Practices were rolled out to encourage employees to cut the use of disposable products to prevent waste generation at Head Office and Banking Hub buildings.

OUR FOCUS AREAS AND OBJECTIVES

- Financing projects that contribute to the environment, developing projects to encourage the adoption of renewable energy, and minimizing the environmental impacts of the projects funded are among the objectives.
- The Bank's products and services will be re-examined from a sustainability perspective, with plans to make them more eco-friendly and develop new sustainable products and services. Promotional campaigns will be created to encourage customers to use such products and services, involving customers in the contributions to sustainability.
- A plan is to lay out an Environmental Policy under the Sustainability Policy.
- Once screens for the Expense Management Follow-Up Mechanism, the software development efforts of which are ongoing, are deployed, the expenditures of branches and head office buildings will be monitored. This will help save on energy, water, fuel, and other consumption items, contributing to sustainability.
- The carbon and water footprint of the institution will be calculated and new targets in this area will be set. A roadmap will be prepared to reach these targets, and relevant units will be involved to take necessary actions.
- Courses will be delivered and events will be organized at the Bank to improve employees' sustainability literacy and contribute to their environmental awareness.
- Another plan is to organize tree and seedling plantation events which employees will join.
- Procurement processes will be revised and necessary actions will be taken to ensure that excessive consumption is prevented.
- Projects and ideas aimed at savings in all areas, both at the Bank's Head Office and branches, will be evaluated and those that are deemed fit will be implemented.
- New projects, systems, and practices are planned for implementation to prevent the generation of waste at the Head Office, Banking Hub buildings, and all branches.
- Efforts will be undertaken to disseminate the zero waste process launched at Head Office and Banking Hub locations across the branches.
- As part of the zero-waste process, online courses will be assigned to all employees in parallel to expanding zero waste awareness and fostering a recycling culture.
- Communication activities to raise customers' awareness and responsiveness to environmental issues are among the plans.
- Other plans include internal and external communications on all activities to be implemented in the field of sustainability, as well as notifications to customers, employees, and all stakeholders.

Human Resources Practices

KUVEYT TÜRK'S POSITION AS A PIONEER IN THE INDUSTRY OVER 30 YEARS IS LARGELY THANKS TO A DISTINCTIVE CULTURE WITH ROOTS IN THE CORPORATE TRADITION.

HUMAN RESOURCES MANAGEMENT APPROACH

Since day one, Kuveyt Türk has believed that customer satisfaction is a natural outcome of employee satisfaction. It is with this understanding that the Bank shapes its human resources policy. A happy and peaceful working environment where employees feel valued is among the priorities of Kuveyt Türk.

To ensure such a working environment, Kuveyt Türk never compromises on some principles:

- Participatory management and transparency are essential at Kuveyt Türk.
- Under all circumstances, fairness is sought and established between the institution and employee rights.
- Outstanding efforts, honesty, and high-quality work are recognized and rewarded by the institution.
- Employees are encouraged to maintain their work-life balance.
- The Bank does not make promises it cannot keep and delivers on the promises it makes.
- Complaints and suggestions are evaluated with impartiality.
- Developing, motivating, inspiring, and encouraging employees are among the core duties of the Bank.
- Kuveyt Türk is committed to the values of robust banking, fairness, professionalism, team spirit, innovation, and trust on the path to reaching its goals hand in hand with employees.

Kuveyt Türk's position as a pioneer in the industry for over 30 years is largely thanks to a distinctive culture with roots in the corporate tradition. Backed by the strength of the corporate culture, which has been built on its core values, the Bank always keeps the desire to reach excellence alive and takes firm steps on its journey towards sustainable, profitable growth.

A peaceful working environment is a result of embracing shared values at all levels, from the senior management onwards. This is what enables the Bank's employee engagement score to be way above the sector average. This way, the Bank was chosen the best employer of Turkey for four consecutive years and had its name etched among Europe's leading banks in this area. Such a conducive working environment has a reflection on customers as well, which helps the Bank attain financial strength resulting in a place among the top five in service culture and top ten in asset size.

Kuveyt Türk has boasted a distinctive culture built on collaboration, team spirit, transparent communication between management-employee, and ethical values to date. The Bank will further improve its network of current relationships, communication, and systems to elevate its human resources and banking practices on this culture.

Operating with the motto, "Employees first, people first," the Bank takes steps to make employees and candidates feel "so glad to be at Kuveyt Türk." In this context:

- It designs career paths for different talents.
- It develops performance and career processes with a focus on development and as a preparatory period for the current situation and future.
- It involves employees' families in these practices.

RECRUITMENT

Kuveyt Türk HR Partnership Department conducted hiring processes for four programs, namely MT, TechTalent, Explorer, and Audit (D3) as part of its talent programs this year. New graduates from Turkey's top universities are placed in MT, TechTalent, and Audit positions, while the senior students from Turkey's leading universities were included in the Kaşif (Explorer) program.

IT Engineers, who are fresh graduates from their schools, were recruited under the Bank's plans to expand IT teams so that the Bank's capacity to deliver personalized services to customers in line with the digital transformation strategy is improved. New graduates were hired for Commercial Banking Assistant Specialist positions in the commercial branches to contribute to Kuveyt Türk's commercial banking strategy and train the commercial portfolio managers of the future. Communication processes of all these programs were run on toptalent.co -- a career platform --, the Bank's careers pages on Instagram and LinkedIn. University students and new graduates came together online and career opportunities of the Bank were explained.

Aiming to raise the banking professionals of the future, Kuveyt Türk will keep hiring junior and senior students for Head Office units and branches.

COMPENSATION

Through its dedicated Compensation Management System, Kuveyt Türk aims to motivate employees to outperform their assigned objectives, identify employees performing at various levels, and remunerate them based on their performance.

Accordingly, compensation at Kuveyt Türk is structured as a "Total Compensation Package" consisting of:

- A salary,
- Performance bonus,
- Foreign language allowance
- Transportation and meal assistance, and
- Other supplementary payments.

To remain competitive in the market for talent, Kuveyt Türk also offers various benefits to employees. These include:

- Private health insurance, which also covers the employee's spouse and children,
- A private pension system with company contribution,
- Clothing assistance,
- And a family support package.

Upholding its principle of "Employees first," the Bank took a giant step in 2017 and introduced Sepetim (MyBasket), a flexible employee benefits scheme unprecedented in the industry.

A first of its kind, this unique practice addresses employees' changing needs in the most thorough manner, while allowing them to choose benefits they wish and raising the satisfaction of employees based on the philosophy of "Employees First."

EMPLOYEE ENGAGEMENT AND SATISFACTION

As Kuveyt Türk launched its next-gen career architecture "Development Kitchen" in 2021, it deployed the screens of the project, set to go live in 2022, for use by employees. As part of this project, employees will be supported with training and certification programs which will help them work more efficiently and prepare for the business world of the future.

"Ferah," Kuveyt Türk's next-gen working model, was announced. Accordingly, flexible working models were arranged as per job families both for Head Office units and for branch employees, as a novel practice in the overall banking industry.

Human Resources Practices

MOTHERS WERE SUPPORTED WITH OFF-DAYS ON THE FIRST OF SCHOOL AND THE FINAL DAY OF SEMESTERS SO THEY SPEND TIME WITH THEIR CHILDREN ON SPECIAL OCCASIONS.

Regarding the Sales Premium model, adjustments were made to enable branch staff to receive bonus payments twice a year, namely at the end of 6-month periods, to contribute to the Bank's rewarding processes.

A first of its kind, the flexible benefits scheme "Sepetim" has turned five and remained a center of attraction also in 2021. With over 80% participation and satisfaction, the scheme has continued to allow employees to personalize benefits available to them as they designed.

Mothers were supported with off-days on the first day of school, and the final day of semesters so that they spend time with their children on special occasions. In addition, the practice involving one additional off-day for every five days taken off of work during Ramadan continued.

Awards were presented to employees celebrating their 10th, 20th, and 30th years at Kuveyt Türk. "Robust Friends" meetups were organized for former employees with 10 years at Kuveyt Türk or those pensioners still at the Bank with 20 years of seniority and their managers.

Emanating from the belief that customer satisfaction is only achievable through employee satisfaction and generated by analyzing values and employee opinions on what makes Kuveyt Türk an Ideal Employer for employees and candidates, the "So Glad" employer brand launched in 2017 was recognized with the Great Place to Work Award in 2018, 2019, 2020, and 2021. For the past four years, Kuveyt Türk has ranked among the best 30 employers of Europe, in addition to the "Best Employer of Turkey and Finance" award in the research conducted by GPTW. In 2021, the Bank has become the first Turkish institution to top this list. All human resources policies and processes will be drawn and developed based on the "employees first" principle and in a way that will bring about experiences to be "So glad" about. Accordingly, the Bank will increase investments to provide a working environment worthy of its title as the best place to work.

INTERNAL COMMUNICATION ACTIVITIES

Kuveyt Türk aims to develop internal communications independent from location and people, and platforms with instant updates. For this purpose, it designs the experience of sharing and exchange both in business processes and in social life in the most effective manner.

So Glad Mobile App: Shortening distances, the social media app enabled every Kuveyt Türk branch and department employee to share their happiness and values. While boosting interaction among employees, the app also reduced e-mail traffic thanks to notifications.

Mosaic Magazine: The first social life magazine of Kuveyt Türk called Mozaik (Mosaic) offered an authentic and holistic reflection of us through employee articles, company news, as well as a hobby, social and industrial features and helped bring employees closer to each other even after its first issue. The sixth issue in 2021 took a look into the personal stories of employees and featured interviews on the projects important for the Bank.

Employees First Council: The "Employees First Council" composed of employees from different functions and positions, has organized meetings once every 45 days since 2014. Throughout 2021, the Council continued to perform activities with 30 members including those from the branches in Anatolia. Striving to serve as a platform where the employees and Senior Management can have their voices heard, the Council still implements projects involving practices to be "So Glad" about.

Boa Store: A product fully developed by Kuveyt Türk engineers, the BOA Banking app has a Boa Store mobile feature where employees can see HR services and their most frequently used screens (off day logging, payroll views, etc.) on their mobiles.

Boa Portal: Consisting of special tabs for the job families within branches, this portal within the BOA banking platform enables employees to monitor the business processes, announcements, and campaigns of the Head Office functions without losing their way in e-mail traffic. 360-degree information from the services to subsidiaries is another feature of the portal on the "My Page" section. They can reach this page anywhere thanks to Boa Store mobile app.

Employee Satisfaction Line: Employees can forward their suggestions and express satisfaction related to the Bank's practices, processes, or other co-workers. This screen is in active use for the feedback culture within the Bank to be improved further.

HR Chatbot: The first HR Chatbot project was launched for more effective and mobile internal communication processes. Scheduled for deployment as an HR pilot in 2022, the app will be aligned with other business units of the Bank over time.

OCCUPATIONAL HEALTH AND SAFETY

Comprehensive and modern occupational health and safety practices were deployed at Kuveyt Türk upon the introduction of Law no. 6331 on Occupational Health and Safety and relevant regulations in 2012. Policies are developed to establish and broaden an occupational health and safety culture; determine relevant principles, rules and commitments; and train employees on this subject matter at the Banking and Life Base.

In addition, steps are taken to ensure that employees comply with the Occupational Health and Safety Law in effect and other applicable regulations, and adjustments are made out in the field as per this law and regulations.

In 2021, Kuveyt Türk did the following activities required to be performed once a year under the law:

- Periodic controls on all machinery and units of equipment (elevators, escalators, compressed containers, generators, lifting equipment, automatic doors, etc.).
- Environment measurements (determining the respirable dust concentration, measuring personal noise exposure, workplace noise measurements, lighting measurement, etc.).
- Periodic controls were conducted on electricity and firefighting systems; Explosion Protection Document was issued for environments exposed to explosion risk.

Works cited above are monitored regularly to evaluate the findings. Relevant units work in coordination to ensure all shortcomings, if detected, are addressed and eliminated.

COVID-19 resulted in radical changes in the ways we work alongside its impact on social life. The changing world of work brings with it new occupational health and safety risks. Kuveyt Türk makes more effective use of remote training modules on occupational health and safety in at-home and at-site environments to help employees adapt to changing working conditions.

Conducting an effective risk analysis and assessment to detect unsafe situations, behaviors that may result in occupational accidents (or illnesses), and potential accidents, and involving employees in this process is important to proactively spot and eliminate risks, or mitigate them to acceptable levels. Efforts to this end are ongoing. "Health first" was the motto of the Bank since the outbreak of the pandemic. Therefore, alternating schedules were introduced at branches and the Head Office, and employee health was prioritized through material assistance.

Human Resources Practices

"1001 BOOTS, 1001 COATS" WAS KICKED OFF IN Q4 OF 2021 TO DELIVER BOOTS AND COATS TO PRIMARY SCHOOL STUDENTS IN NEED OF MATERIAL SUPPORT.

SOCIAL AWARENESS AND AID CAMPAIGNS

Kuveyt Türk works towards a greener future. Raising the shared awareness for a sustainable world is a goal for the Bank which has two practices in place with the theme of "sufficiency." Employee awareness is raised with simple saving and recycling tips shared on internal communication platforms.

Trees are planted on behalf of the winning teams at challenges organized, while nature cleaning activities are carried out with the motto, "Environment First." "Bring Your Mug/Thermos" is one of the headers used in the cafeterias and free coffee is the reward to encourage employees to bring their own mugs to reduce the generation of non-recyclable waste.

Kuveyt Türk is aware of how important it is to involve employees in these processes as a socially responsible institution. Assistance campaigns are organized with the support of volunteering employees. Accordingly, "1001 Boots, 1001 Coats" was one of the campaigns kicked off in Q4 of 2021 with the participation of all employees. Boots and coats were delivered to primary school students in need of material support.

OUR FOCUS AREAS AND OBJECTIVES

Special processes are planned in 2022 to position Kuveyt Türk's employer brand "So Glad" in and outside the organization. Training and career processes, business processes, and recruitment processes will be the areas where the Bank will revise its steps to attract and retain human resources aligned with Kuveyt Türk's future objectives. Designs fit for the new period will be prepared.

Employee experience is another important subject. All steps a Kuveyt Türk employee takes, from the candidate experience to the first day at work, as well as promotions and assignments, will be re-designed by the new period.

To boost the effectiveness of internal communications, the internal assistant project will first be used for HR, to be followed by all internal business processes for a communication model based on chatbots.

Launched as an agile project in 2020, Value-Driven Performance is ongoing and will help set the "Tone of Kuveyt" in performance. A performance system built on feedback, development, and trust is aimed for roll out in 2022.

Digitalization will remain the top agenda item in the near future, and Human Resources will also set its eyes on digitalization. In 2022, systemic processes will be improved for HR analytics to enable the department to tap into its data treasure.

Projects will be developed to become a center of attraction in the sector. Internally, the Bank will continue to invest in its most important asset, namely the workforce, guided by its "Employees First" slogan. Externally, the Bank plans to continue building a "More Beautiful Kuveyt Türk" viewed by candidates as the "School of Sound Banking" where everyone would be pleased to work. 2022 is set to see increased initiatives that prompt a "So glad" response.

Kuveyt Türk Academy

4,199 EMPLOYEES TOOK SOME 170,196 HOURS IN 1,388 IN-CLASS COURSES COVERING 528 THEMES IN 2021.

As part of its academic efforts, Kuveyt Türk believes that employee motivation is built on the alignment between employee competencies and the competencies required by the position. The ultimate goal of such training and development programs is to equip employees with the competencies required by their relevant positions, contribute to their personal and intellectual development, and prepare them for the future.

Training and development activities are run under the brand "Kuveyt Türk Academy," with a corporate academy perspective. Running courses on participation banking competencies and strategies, the Academy has adopted the mission of providing Kuveyt Türk employees working in this field with an added-value learning experience. Accordingly, the focus is "Digital Transformation," "Innovative Customer Experience," "Operational Superiority," and "Learning and Developing Organization," which are also the Bank's strategies.

Kuveyt Türk Academy designed "learning journeys," which are educational roadmaps that help employees perform the task in the best/most successful manner by considering every phase in their career ladder and analyzing their learning and development requirements. Job descriptions, task analyses, manager-employee focus group initiatives as well as other market and industry surveys were utilized to chart the learning journeys.

Kuveyt Türk Academy capitalizes on modern technologies to strengthen its infrastructure day by day and provides employees with development opportunities both for their current position and different functions in line with their potential and preferences through learning journeys that ensure the Bank's sustainable organizational development. In 2021, the digital infrastructure was enriched with Academy TV and Sağlam Kalem (Robust Pen) blog where corporate videos are posted. In addition, a Kuveyt Türk Training Portal was created to deliver the content of Digital Training Platform (LMS), Academy TV, and Sağlam Kalem via a single platform. As part of all these activities, multi-dimensional training methods are employed to keep up with current trends.

Within this scope, 1,388 face-to-face courses on 528 topics were delivered in 170,196 hours to 4,199 employees in 2021. Besides, 110,439 hours of digital training featuring over 500 original contents was provided to 6,368 employees.

407 newly recruited staff underwent the Core Banking and Orientation Program in 2021. The program included modules on core banking, banking legislation, interest-free banking principles, customer focus, ethical banking, products and services, sales and relationship management, performance development system, as well as other materials on the Bank's culture and structure.

Under the Development Kitchen, 24 development programs were designed to act as a milestone in employees' careers and prepare them for the future of work. 23 of these programs were implemented. 1,923 employees took part in these development programs.

The Career Development Program, organized for branch managers in training, was completed by 44 prospective branch managers. The program is ongoing for 49 prospective branch managers.

Emphasizing the utilization of in-house resources, Kuveyt Türk selects competent, knowledgeable, and experienced candidates in their respective fields to undergo internal trainer accreditation training to support and develop internal trainers. In 2021, the rate of internal training was 60%. Under the Internal Trainer Accreditation Program, 93 people were accredited and received their certificates.

Designed to attract high potential candidates to Kuveyt Türk, Management Trainee (MT) and Audit Training programs were implemented. Training content delivered was designed to address the separate needs of respective groups. The long-lasting learning and development journey was differentiated with in-class training courses, on-the-job internships at branches and Head Office departments, and outdoor events. 33 people participated in these programs.

By taking the growing number of foreign customers into account, 81 employees were included in the foreign language (English) training program.

Being "in the flow and agile" was the motto Kuveyt Türk adopted in its activities. Thanks to the successful efforts carried out, it won 13 awards at national and international platforms in 2020. The Academy followed the same trend in 2021 and won three more awards.

Board of Directors

HAMAD ABDULMOHSEN AL MARZOUQ
Chairman of the Board of Directors
Hamad Abdulmohsen Al Marzouq graduated from the University of Southern California in 1985 and obtained an MBA from the Claremont Graduate University. He took senior manager positions at Kuwait Investment Corporation until 1990, followed by the Central Bank of Kuwait between 1990 and 1998, and Ahli United Bank in Bahrain between 1998 and 2014. He was appointed the Chairman of the Board of Directors at Kuveyt Türk in 2014. Mr. Al Marzouq is also a Member of the Corporate Governance Committee, Executive Committee, and Credit Committee.

NADİR ALPASLAN
Vice Chairman of the Board
Mr. Alpaslan graduated from Istanbul University, Faculty of Political Sciences, Public Administration Department in 1987. He began his professional career at Prime Ministry, Family Research Institution in 1999 and worked as the Ministry Advisor and Head of Administrative Financial Affairs at the Ministry of Tourism for four years. Mr. Alpaslan continued his professional career as the Deputy Undersecretary and Ministry Advisor at the Ministry of Culture and Tourism between 2003 and 2007 and served as the Deputy Secretary-General at the Presidency between 2007 and 2018. He was appointed the Deputy Minister of Culture and Tourism in July 2018. Mr. Alpaslan has been a Member of the Board of Directors of Kuveyt Türk since April 15, 2011, and he is a Member of the Bank's Risk Committee, Audit Committee, and Credit Committee.

AHMAD S. A. A. AL KHARJI
Board Member
Ahmad S. A. A. Al Kharji graduated from the Finance and Banking Department of Kuwait University in 1994 and obtained an MBA degree from San Diego University in 1998. He became a Vice President for Structured Finance at Kuwait Finance House. Between 2003 and 2006, Mr. Al Kharji served as Senior Investment Division Manager and then as Senior Vice President at LMH between 2008 and 2013. He has served as a Member of the Board of Directors of Kuveyt Türk since March 2014. Mr. Al Kharji is also a Member of the Credit Committee, Executive Committee , and Corporate Social Responsibility Committee, in addition to his capacity as the chair of the Remuneration and Nomination Committee.

MOHAMED HEDI MEJAI

Board Member

A French citizen born in Zarzis in 1969, Mr. Mejai attained various educational degrees including Private Equity & Venture Capital for Executives from Harvard Business School. He graduated from IDB Management Development Program from London Business School, holds a Master of Business Administration from a management school in France named EDHEC. Mr. Mejai holds a Master of Science degree in International Economic and Legal Studies from London University. From August 2005 to May 2010 he served as Executive Director Investments and Business Development, International Investment Bank (IIB) in Manama, Kingdom of Bahrain. In the same month of 2010, he was entrusted to lead the company as Chief Executive Officer and Board Member for Oryx Capital Ltd, based in Dubai. From August 2011 until now, he still serves as Director of Investment Department at IDB Group (IsDBG). He serves as a Member of the Board of Directors of Kuveyt Türk since March 2021. He is also a Member of the Audit Committee and Corporate Governance Committee.

SALAH A. E. AL MUDHAF

Board Member

Salah A. E. Al Mudhaf graduated from Kuwait University's Department of Business Administration in 1981. He began his career at the Kuwait Social Security Institution as a manager in charge of the staff. Mr. Al Mudhaf is still serving the same institution as the Deputy General Manager. He was a Member of the Board at Wafra Real Estate and Wafra International Investment Co. in 1993-2014 and 2002-2013, respectively. Since 2013, he has been serving the same company as the Chairman of the Board of Directors. Al Mudhaf was appointed a Member of the Board at Kuveyt Türk Katılım Bankası A.Ş. in April 2019. He is also a Member of the Risk Committee.

SHADI AHMED YACOUB ZAHRAN

Board Member

Mr. Zahran received his Master of Business Administration (MBA) Degree in Finance from the University of Manchester in the United Kingdom in 2014. He received his Bachelor's Degree in Accounting from the University of Jordan in 1992. Mr. Zahran is a member of the Board of Trustees of the Accounting and Auditing Organization for Islamic Financial Institution (AAOIFI) and a Board Member of the General Council for Islamic Banks and Financial Institutions (CIBAFI). Mr. Zahran holds several specialized professional certificates including Certified Public Accountant (CPA) from the state of Illinois in the U.S. since 1996, an Auditing License from the Council of the Auditing Profession in Jordon since 1996, Certified Bank Auditor (CBA) from Bank Administration Institute (BAI) since 1999, and Certified Islamic Professional Accountant (CIPA) from the Accounting and Auditing Organization for Islamic Financial Institutions since 2006. Mr. Zahran previously held several executive positions at Ahli United Bank Group including General Manager Finance in Kuwait from 2009 until 2014 and Head of Group Financial Controlling at Ahli United Bank in Bahrain from 2005 until 2009. Mr. Zahran previously held the position of Head of Financial Systems Management & Operations Department at Al Rajhi Bank in the Kingdom of Saudi Arabia from 2000 until 2005. In addition, Mr. Zahran previously worked as an External Auditor at the international external audit firm Ernst & Young. Mr. Zahran is currently the Group Chief Financial Officer at Kuwait Finance House since 2014. In addition, Mr. Zahran is the Vice Chairman of KFH Capital Investment Company and Board Member at Kuwait Finance House Bahrain. Mr. Zahran was appointed a Member of the Board at Kuveyt Türk Katılım Bankası A.Ş. in July 2020. He is also the Chairman of the Audit Committee, and a Member of the Credit Committee and Corporate Social Responsibility Committee.

Board of Directors

BURHAN ERSOY
Board Member
Burhan Ersoy graduated from 19 Mayıs University in Samsun. He started his business life in Merzifon Agricultural Equipment Institution in 1976. In 1984, he worked at Ankara Education Center Directorate, and in 1986, he worked as the Branch Manager of the Ministry of National Education Personnel General Directorate, Central Appointment Department. Between 1988 and 1991, he served as the State Ministry Consultant. From 1991 to 1996, he worked as the Branch Manager of the Prime Ministry General Directorate of Personnel and Principles and as the Deputy Head of the Press and Public Relations Department of the Prime Ministry. As of 1997, Mr. Ersoy took office as a Consultant at various public institutions, the Grand National Assembly of Turkey (GNAT), and the State Ministry. Later on, he served as the Head of Department at the Prime Ministry General Directorate of Legislation Development and Publication. In 2003, he was appointed as the Deputy General Manager of the General Directorate of Foundations. Having served as a Board Member at various organizations, Mr. Ersoy is a member of the Board of Trustees at Fatih Sultan Mehmet Foundation University, and a Board Member at Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş. (REIC). Since February 1, 2020, Ersoy is the Director-General of Foundations and Chairman of the Foundations Council. Mr. Ersoy was appointed a Board Member at Kuveyt Türk Katılım Bankası A.Ş. in July 2020 and he is currently a Member of the Corporate Governance Committee and Member in charge of Ethical Banking.

GEHAD MOHAMED ELBENDARY ANANY
Board Member
Gehad Mohamed Elbendary Anany received his Finance & Risk Management Diploma from the University of Wales in the U.K. in 2014. He received his Bachelors of Commerce Degree in Accounting from Tanta University in Egypt in 1996. Mr. Anany has completed specialized training programs in Enterprise Leadership from Insead University, Network Leadership Program from IMD University, and Advanced Risk Management from Wharton University. Mr. Anany holds numerous specialized professional certificates including the International Certificate in Banking Risk and Regulation (ICBRR) from the Global Association of Risk Professionals (GARP) in 2009. Mr. Anany previously held several executive positions at Kuwait Finance House including General Manager for Risk Management from 2016 until 2018, Assistant General Manager for Portfolio & Enterprise Risk Management from 2013 until 2016, Head of Enterprise Risk Management Unit from 2012 until 2013. Mr. Anany is currently the Group Chief Risk Officer at Kuwait Finance House and has over 20 years of experience in Risk Management, Auditing, and Internal Control Systems in Financial Institutions. Appointed a Board Member at Kuveyt Türk Katılım Bankası A.Ş. in July 2020, Mr. Anany is also the Chairman of the Risk Committee and a Member of the Remuneration and Nomination Committee.

UFUK UYAN
Member of the Board of Directors and CEO
Mr. Uyan graduated from the Economics Department of Boğaziçi University in 1981. He received an MA degree from the Business Administration Department of the same university in 1983. He began his professional career as a Research Assistant at the Economics Department of Boğaziçi University in 1979 and worked as a Researcher Economist at the Special Researches Department at Türkiye Sınai Kalkınma Bank in 1982. Mr. Uyan became the Vice Project Manager at Albaraka Türk in 1985 and continued his career as the Project and Investments Manager at Kuveyt Türk in 1989. Mr. Uyan was promoted to Executive Vice President in 1993 and then appointed Head Assistant to the Chief Executive Officer. Mr. Uyan has been the Chief Executive Officer since 1999 and continues his duty as a Member of the Board of Directors and CEO at Kuveyt Türk. Mr. Uyan is also a Member of the Executive Committee, Credit Committee, Remuneration and Nomination Committee, and the Corporate Social Responsibility Committee.

Senior Management

UFUK UYAN
Member of the Board of Directors and CEO
His resume is presented in the Board of Directors section on page 88.

AHMET KARACA
Executive Vice President Financial Affairs
Mr. Karaca graduated from Ankara University, Faculty of Political Sciences, Public Administration Department in 1990. He started to work as the Sworn Deputy Auditor of Banks at the Undersecretariat of Treasury in 1992 and he was assigned as the Sworn Auditor of Banks in 1995. He continued his duty with the same title at the Banking Regulation and Supervision Agency (BRSA) from 2000, and he served as the Vice President of Sworn Auditors Committee of Banks between 2002 and 2003 at the BRSA. After approximately one year of service, he was assigned as the Sworn Head Auditor of Banks in 2004. Between 2004 and 2006, he received an MA degree in economics from the State University of New York at Albany, USA, and wrote an MA thesis on International Banking and Capital Markets. Mr. Karaca joined Kuveyt Türk Katılım Bankası A.Ş. as the Chief Financial Officer in July 2006 and he still serves under this title.

AHMET SÜLEYMAN KARAKAYA
Executive Vice President Corporate and Commercial Banking
Karakaya graduated from the Business Administration and Finance Department at Istanbul University, Faculty of Economics, and began his banking career as an Inspector at Garanti Bank, where he went on to work at the Audit Committee, Risk Management Department, Loans Department, and Regional Directorates between 1981 and 2003. Mr. Karakaya has been working as the Executive Vice President of Corporate and Commercial Banking at Kuveyt Türk since 2003.

Senior Management

BİLAL SAYIN
Executive Vice President
Loans
Mr. Sayın graduated from the Public Administration Department of Middle East Technical University in 1990. He joined the Kuveyt Türk family in 1995 and he has been serving as the Chief Credit Officer at Kuveyt Türk since 2003.

HÜSEYİN CEVDET YILMAZ
Executive Vice President
Chief Risk Officer
Mr. Yılmaz graduated from the Business Administration Department of Boğaziçi University in 1989. He began his banking career as the Assistant Internal Auditor in Esbank Internal Audit and Inspection Department. After having served as Internal Auditor and Branch Manager in the same institution, he began to work as the Head of Internal Audit and Inspection Department at Kuveyt Türk in September 2000. He was assigned as the Audit and Risk Group President in 2003. Mr. Yılmaz has been serving as Chief Risk Officer since 2012.

İRFAN YILMAZ
Executive Vice President
Banking Services Group
Graduating from the Management Engineering Department of Istanbul Technical University, Mr. Yılmaz began his banking career at the Financial Affairs Department in Kuveyt Türk in 1990, was assigned to Internal Audit and Inspection Department in 1996, and served as the Head of Internal Audit and Inspection Department between 1998 and 2000. Mr. Yılmaz was appointed the Retail Banking Manager in 2000 and after five years at the Department, he took office as the Executive Vice President of Retail Banking and Enterprise Banking in 2005. He has been serving as the Executive Vice President of Banking Services since October 2012.

DR. R. AHMET ALBAYRAK
Executive Vice President
Treasury and International Banking
Mr. Albayrak graduated from the Industrial Engineering Department of Istanbul Technical University. He received an MA degree in Organizational Leadership and Management at the University of North Carolina at Pembroke, the USA in 1993 and was awarded a Ph.D. degree in Technology Management at Istanbul Technical University, Department of Business Administration in the Social Sciences Institute in 2007. Having joined the participation banking sector in 1988, Mr. Albayrak has been serving as the Executive Vice President at Kuveyt Türk since 2005. He managed the Banking Services Group until October 2012 and he was assigned as the Executive Vice President of Treasury and International Banking as of the same date.

NURETTİN KOLAÇ
Executive Vice President
Law and Risk Follow-up
Mr. Kolaç graduated from the Faculty of Law at Marmara University. He served as an attorney and legal counselor in the banking, financial leasing, and insurance industries for 16 years. He worked as the Vice Head of Department and Head of Department (Legal) in the Banking Regulation and Supervision Agency for six years starting from 2004. He joined Kuveyt Türk in April 2010 as the Executive Vice President of Law and Risk Follow-up. Mr. Kolaç also served as a Board Member at KT Portföy Yönetim A.Ş and Neova Sigorta A.Ş in 2015-2018, and March 2018-October 2020, respectively. Upon a Board decision dated October 21, 2020, Mr. Kolaç was appointed the Chairman of the Board at Neova Sigorta A.Ş. He is a chairman and member of several working committees in professional associations for the banking industry. With 33 years of experience in law and banking, Mr. Kolaç has been serving as the Executive Vice President of Corporate, Commercial, SME, and Retail Risk Follow-up, Credit Risk Monitoring, Collateral Monitoring, Customer Rights, and Legislation, and Law and Risk Follow-up.

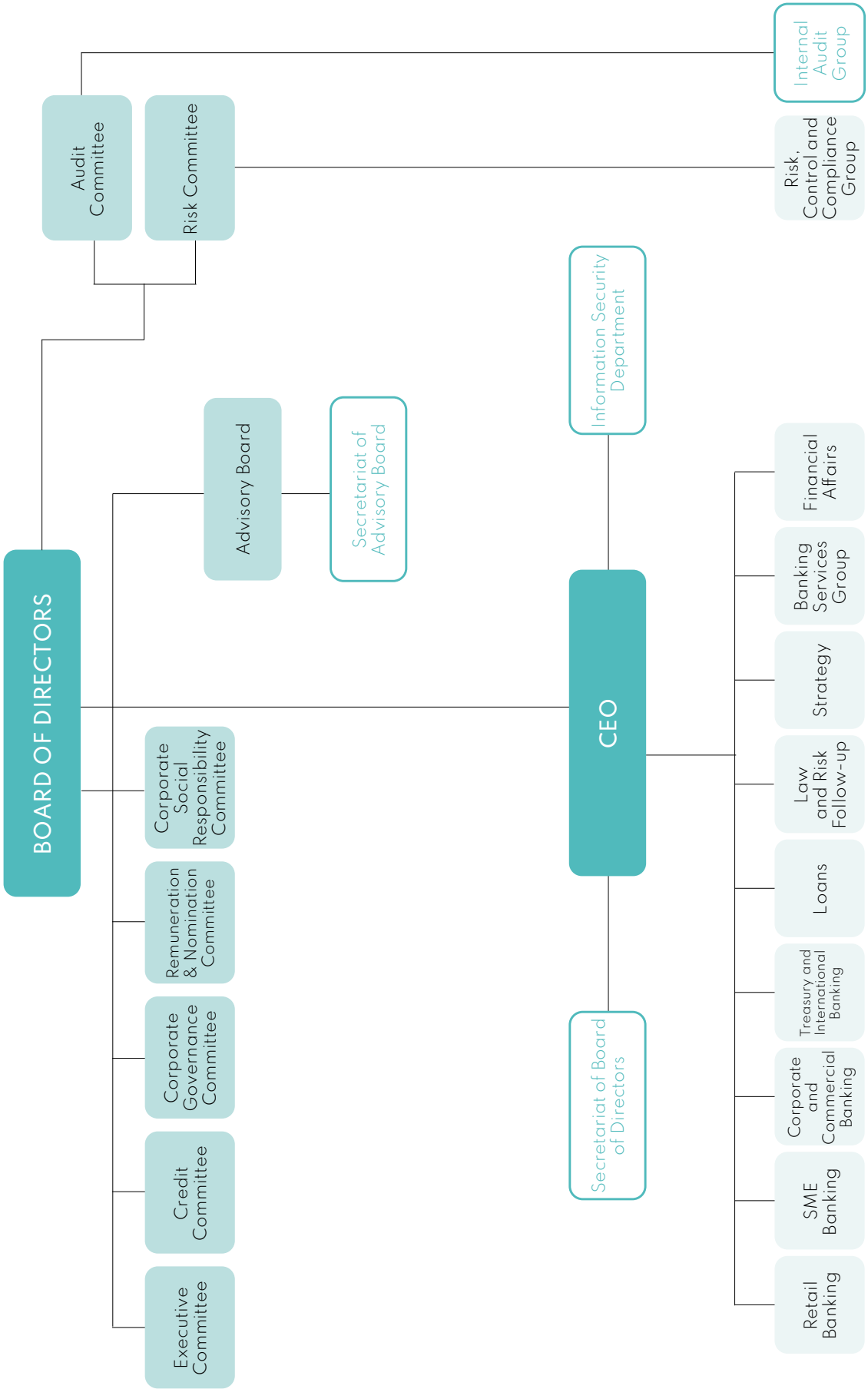
ASLAN DEMİR
Executive Vice President
Strategy
Mr. Demir graduated from Marmara University, International Relations Department. He completed his Master's degree at Sheffield University in the UK with a thesis on "Critical Elements of Strategy Implementation in Banking Sector." In 2020, he obtained his second MA degree at Marmara University's Business Administration Program offered by the Social Sciences Institute, writing a thesis titled "Behaviors of Participation Banking Deposit Customers." He began his banking career at Kuveyt Türk Treasury Department in 1995, served at the Treasury Department for six years, and continued his career at the Project Management and Quality Department between 2001 and 2004. He was appointed the Project Management and Quality Manager in 2005 and he went on to serve as the Information Technologies Group Manager with the new organizational structuring in 2007. He has been serving as the Executive Vice President of Strategy, Human Resources, Digital Transformation, Corporate Communication, and Corporate Performance Management since October 2012 while continuing to perform his duties at Architecht Bilişim Sistemleri ve Pazarlama Ticaret A.Ş. as a Board Member.

Senior Management

MEHMET ORAL
Executive Vice President
Retail Banking
Mr. Oral graduated from the Business Administration Department of Uludağ University. He began his career in the Kuveyt Türk family at the Head Office Branch in 1992. He worked as the manager in the İMES, Bursa, and Merter branches between 2000 and 2005. He was assigned as the Regional Manager at the Istanbul European Side Regional Directorate in 2005 after the transition to the Regional Directorate structure. After having served as the Regional Manager for four years, he continued his career as the HR, Training, and Quality Group Manager in 2009. He has been serving as the Executive Vice President of Retail Banking since October 2012.

ABDURRAHMAN DELİPOYRAZ
Executive Vice President
SME Banking
Mr. Delipoyraz graduated from the Industrial Engineering Department of Istanbul Technical University. He began his career in the Kuveyt Türk family at the Project and Investment Department and he worked at the Corporate and Commercial Banking Sales Department and Financial Analysis and Intelligence Department until 2000. Mr. Delipoyraz worked as the Branch Manager at Beşyüzevler and Bakırköy Branches between 2000 and 2004. He was assigned as the Regional Manager in December 2004 and he worked at Istanbul Europe 1 and Istanbul Anatolia Regional Directorates. He has been serving as the Executive Vice President of SME Banking since January 2015.

Organizational Chart



Summary Report of the Board of Directors Submitted to the General Assembly

Esteemed Shareholders,

2020 was a year when we faced the hardest impact of the pandemic and the global economy seriously narrowed. 2021, however, was marked by vaccination efforts and an economic activity tilting towards normalization after the end of lockdowns.

With lockdowns and other measures being eased gradually, economic activity gained speed in 2021, during which Kuveyt Türk continued its support for the real sector and stood by its retail and corporate clients with its innovative and pioneering products and services.

Drawing strength from the solid shareholding structure of its principal shareholders, namely Kuwait Finance House (KFH) and Directorate General of Foundations, Kuveyt Türk came to the fore with outstanding contributions in the participation finance sector. It also cemented its position as the tenth biggest bank in the overall Turkish banking industry with reference practices in 2021.

Kuveyt Türk in 2021
Kuveyt Türk boasts 33 years of experience in products and services developed in line with the principles of participation finance. In 2021, the Bank further increased its profitability and maintained consistent growth, while raising its net profit by 78.71% year on year, which corresponds to TL 2.5 billion. Kuveyt Türk's total funds raised reached TL 212.1 billion, representing a 73.61% YoY hike and funds extended rose to TL 123.4 billion with an increase of 56%. Raising shareholders' equity to TL 10,5 billion by %31 and asset size to TL 254 billion by %66.83, Kuveyt Türk cemented its ranking of 10th in the banking sector and maintained its lead among other participation finance institutions in terms of asset size.

Kuveyt Türk and Turkish Airlines join forces with Miles&Smiles
In 2021, Kuveyt Türk added new products and services to its portfolio by focusing on customer satisfaction. Introducing a maiden service to the participation finance industry, the Bank signed a deal with Turkey's flag carrier Turkish Airlines and Mastercard and became the first participation finance institution to join the Miles&Smiles partnership.

Blazing a Trail, Kuveyt Türk Issued Global Sustainable Subordinated Sukuk
In 2010, Kuveyt Türk issued the first Sukuk of Turkey and Continental Europe, thus introducing Turkey with interest-free capital markets. Blazing a new trail in sukuks, Kuveyt Türk this time conducted the first "Global Sustainable Tier 2 Subordinated Sukuk Issuance" in Turkey and worldwide.

As 2021 was overshadowed by the impact of the pandemic, Kuveyt Türk shaped its operations by considering the health of customers and employees as its number one priority. Tapping into its robust capital structure and dynamic corporate governance approach, the Bank continued to take strides without respite to generate value for stakeholders.

Expectations from 2022
Celebrating its 33rd anniversary in 2021, Kuveyt Türk targets a 32% rise in the funds extended for 2022. Kuveyt Türk will continue to focus on products and services for customers. In addition, efforts will be undertaken to ensure a reporting period in which sectoral diversity is increased on the financing side, especially in the agriculture, tourism, and energy sectors in 2022.

The leading player of the Turkish participation finance sector, Kuveyt Türk remains committed to contributing further to the sustainable growth of the country's economy.

As a result of various innovations and novelties it rolled out to the sector and customers, Kuveyt Türk has been recognized for its success with many awards.

Kuveyt Türk strives to maintain its leadership position in Turkey's participation finance sector. The Bank is moving forward thanks to its solid capital and liquidity structure, high asset quality, dynamic corporate governance approach, customer service model based on continuous improvement, ongoing technology investments, intensive digital transformation efforts, robust subsidiary network, and expansions to international markets.

We would like to thank our expert, well-educated, young, and dynamic employees who contributed to our success, all our stakeholders, and you, our esteemed shareholders, who have never withdrawn their support from us.

Board of Directors

Executives within Internal Systems

Name-Surname	Position	Education
H. Cevdet Yılmaz	Chief Risk Officer	Bachelor's Degree
Bahattin Akça	Head of Internal Audit Group	Bachelor's Degree
Fadıl Uluşık	Head of Internal Control	Master's Degree
Vefa Okan Arık	Head of Risk Management	Bachelor's Degree
Hayrettin Çapoğlu	Head of Compliance	Master's Degree

HÜSEYİN CEVDET YILMAZ

Chief Risk Officer

Mr. Yılmaz graduated from the Business Administration Department of Boğaziçi University in 1989. He began his banking career as the Assistant Internal Auditor in Esbank's Internal Audit and Inspection Department. After having served as Internal Auditor and Branch Manager in the same institution, he began to work as the Head of Internal Audit and Inspection Department at Kuveyt Türk in September 2000. He was assigned as the Audit and Risk Group President in 2003. Mr. Yılmaz has been serving as Chief Risk Officer since 2012.

BAHATTİN AKÇA

Head of Internal Audit Group

Mr. Akça graduated from (English) Business Administration Department at Istanbul University in 1996. He began his career as Assistant Auditor at Kuveyt Türk in 1996 at the Internal Audit Group. Akça served as the Head of Internal Control between 2003 and 2007. Since September 2007, he has been the Head of the Internal Audit Group.

FADIL ULUŞIK

Head of Internal Control

Mr. Uluışık graduated from Istanbul University, Faculty of Economics. He received an MA degree from the Money-Banking Department at the Social Sciences Institute of Istanbul University in 1999. Mr. Uluışık began his career at Kuveyt Türk in 1996 and he has been serving as the Head of Internal Control since December 2007.

VEFA OKAN ARIK

Head of Risk Management

Mr. Arık graduated from Gazi University, Faculty of Economics and Administrative Sciences. Mr. Arık began his career in 1997 and joined Kuveyt Türk in 2002. Since February 2013, he has been the Head of Risk Management.

HAYRETTIN ÇAPOĞLU

Head of Compliance

Mr. Çapoğlu graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Political Science and International Relations in 1997. He completed his MA studies in International Relations at the Social Sciences Institute of Marmara University in 2002. Mr. Çapoğlu began his career in 1997 and joined Kuveyt Türk in 2002. Since February 2013, he has been serving as the Head of Compliance.

Senior Management Committees

AUDIT COMMITTEE

Name-Surname	Duty	Assignment Date
Shadi Ahmed Yacoub ZAHRAN	Chairman, Member of the Board of Directors	04.11.2020
Nadir ALPASLAN	Member, Vice Chairman of the Board of Directors	24.12.2019
Mohamad Hedi MEJAI	Member, Member of the Board of Directors	04.05.2021

Duties and Responsibilities

- Receiving regular reports on the fulfillment of the duties from Internal Audit units and Independent audit organizations,
- In the event of matters or discrepancies in breach of legislation and internal regulations which may adversely affect the continuity and safe execution of the Bank's activities, reporting these to the Board of Directors,
- Reporting its opinions along with the results of its activities, to the Board of Directors on the practices required or measures to be taken by the Bank, and on other matters deemed significant in terms of sustaining the Bank's activities securely, within regular periods no longer than six months.

RISK COMMITTEE

Name-Surname	Duty	Assignment Date
Gehad Mohamed Elbendary ANANY	Chairman, Member of the Board of Directors	04.11.2020
Salah A. E. AL MUDAF	Member, Member of the Board of Directors	24.12.2019
Nadir ALPASLAN	Member, Vice Chairman of the Board of Directors	04.05.2021

Duties and Responsibilities

- Performing the tasks assigned as an internal control officer about risk management, internal control, and compliance under the provisions of the Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks,
- Establishing internal systems for risk management, internal control, and compliance; ensuring their effective, sufficient, and appropriate functioning,
- Reviewing the strategies, policies, regulations, and guidelines on the activities of internal systems units in its remit before submittal for the Board's approval; ensuring their effective implementation and maintenance,
- Coordinating the internal systems units in its remit,
- Notifying the Board to make sure necessary measures are taken to timely address and eliminate the errors or shortcomings in the practices of the internal systems units in its remit, as spotted by the Banking Regulation and Supervision Agency or independent auditors; evaluating such errors or shortcomings to coordinate internal control activities in the areas where identical or similar errors and shortcomings may arise,
- Updating itself regarding the risk exposure of the Bank and the means of measuring and managing such risks,
- And making sure adequate capital is maintained vis-a-vis the risks exposed through designing, establishing, and guaranteeing the implementation of ICAAP.

CREDIT COMMITTEE

Name-Surname	Duty	Assignment Date
Hamad Abdulmohsen AL MARZOUQ	Credit Committee Chairman	24.09.2014
Ahmad S. A. A. AL KHARJI	Credit Committee Member	09.09.2020
Ufuk UYAN	Credit Committee Member	16.06.2009
Nadir ALPASLAN	Credit Committee Member	09.09.2020
Shadi Ahmed Yacoub ZAHRAN	Credit Committee Member	09.09.2020

Duties and Responsibilities

It serves as a senior management committee in charge of discussing and finalizing credit requests of up to 10% of the Bank's equities.

ADVISORY COMMITTEE

Name-Surname	Duty	Assignment Date
Prof. Dr. M. Abdurrezzak TABATABAI	Chairman of Advisory Committee	27.01.2020
Assoc. Dr. Enver Şuayb ABDUSSELAM	Deputy Chairman of Advisory Committee	27.01.2020
Halil GÜNENÇ	Member of Advisory Committee	27.01.2020
Prof. Dr. Mubarak ALHARBI	Member of Advisory Committee	27.01.2020
Assoc. Dr. Abdullah DURMUŞ	Member of Advisory Committee	27.01.2020
Mehmet ODABAŞI	Member of Advisory Committee	27.01.2020

Duties and Responsibilities

- Responding to, and/or providing alternative solutions for, the questions forwarded to the Committee as per the methods and processes determined by the Bank (Board and/or CEO) about the principles of interest-free banking,
- Following up the decisions and standards introduced by the Advisory Committee, and global developments in the field of interest-free banking,
- Working in collaboration and coordination with internal audit units to audit the compliance of the Bank's operations with the principles of interest-free banking,
- Providing opinions and suggestions on the draft contractual texts for processes involving new products,
- Organizing educational and informative seminars for the staff to guarantee Bank-wide adoption and expansion of the interest-free banking culture,
- Representing the Bank in conferences, symposiums, and other events about the Committee's areas of activity upon the Bank's written assignment,
- Discussing the matters requested by the Audit Committee for examination; passing decisions on such matters; and informing the Head Office accordingly,
- Passing decisions specific to the Bank regarding the principles and standards of interest-free banking and their implementation; presenting the periodic reports covering the decisions it passed to the Advisory Committee,
- Reviewing internal guidelines in terms of compliance with the principles and standards of interest-free banking,
- Reviewing, examining, and approving the Bank's standard contracts and appendices on products and services in terms of the principles and standards of interest-free banking,
- Providing an opinion on the principles and standards of interest-free banking to the Bank and its subsidiaries subject to consolidation regarding real or corporate service providers in the field of law, audit, and other relevant topics,
- Providing information on the activities of the Advisory Committee within the period so that they are covered in the Bank's annual report; providing evaluations on the compliance of Kuveyt Türk's operations with the principles and standards of interest-free banking.

CORPORATE GOVERNANCE COMMITTEE

Name-Surname	Duty	Assignment Date
Hamad Abdulmohsen AL MARZOUQ	Chairman, Member of the Board of Directors	24/09/2014
Burhan ERSOY	Member, Member of the Board of Directors	04/05/2021
Mohamed Hedi MEJAI	Member, Member of the Board of Directors	04/05/2021

Duties and Responsibilities

The Corporate Governance Committee monitors the Bank's compliance with corporate governance principles, undertakes improvement efforts in this area, and presents recommendations to the Board in line with the relevant legislation and the Bank's ethical rules.

Senior Management Committees

EXECUTIVE COMMITTEE

Name-Surname	Duty	Assignment Date
Hamad Abdulmohsen AL MARZOUQ	Chairman	24/09/2014
Ahmad S. A. A. AL KHARJI	Member	09/09/2020
Ufuk UYAN	Member	27/04/2006

Duties and Responsibilities
The Executive Committee is in charge of, and tasked with, the following:
a) It performs all tasks assigned to it by the Board of Directors.
b) It is authorized to decide on the execution of amicable agreements, debt write-off, and release (before or after NPL status) with customers, guarantors, pledgers, and/or other third parties in the capacity of a debtor for amounts over 1% of the Bank's equities, and provided such amounts do not exceed 10% of the Bank's equities (no matter what type of a transaction it is).
c) It is in charge of making decisions on real estate, participation, procurement of inventory, participation in projects, partnerships, and investments the amount and value of which reach up to 10% of the Bank's equities.
d) It conducts preliminary evaluation and presents it to the approval of the Board on all planned real estate purchases, participation, partnerships, and investments of over 10% of the Bank's equities.
e) It is authorized to make decisions on any maintenance, repair, renovation works, as well as material, commodity, equipment, and service procurements the amount and value of which is up to 10% of the Bank's equities; to decide on annual expenditures not exceeding 10% of the Bank's equities within the budget approved by the Board, and to approve internal regulations in this regard.

REMUNERATION AND NOMINATION COMMITTEE

Name-Surname	Duty	Assignment Date
Ahmad S. A. A. AL KHARJI	Chairman, Member of the Board of Directors	09/09/2020
Gehad Mohamed Al BENDARY	Member, Member of the Board of Directors	09/09/2020
Ufuk UYAN	Member, Member of the Board of Directors	19/11/2014

Duties and Responsibilities
The Remuneration and Nomination Committee works to review the competitive edge of the Bank's remuneration structure annually and monitor developments and best practices on remuneration. The Committee provides the Board of Directors with guidance on remuneration.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Name-Surname	Duty	Assignment Date
Ahmad S. A. A. AL KHARJI	Chairman, Member of the Board of Directors	09/09/2020
Shadi Ahmed Yacoub ZAHRAN	Member, Member of the Board of Directors	09/09/2020
Ufuk UYAN	Member, Member of the Board of Directors	18/09/2013

Duties and Responsibilities
- The Committee is authorized to specify, and take decisions on, the social responsibility projects the Bank will carry out and manage.
- The Committee is authorized to make onerous and/or voluntary in-kind and in-cash donations, provided the limits set forth by the Banking Law and similar/relevant legislation are not exceeded, and to donate, within the same limits, immovable properties to persons, entities, and/or organizations as it deems necessary onerously and/or voluntarily on behalf of the Bank.
- The Committee is also authorized to assign the aforementioned decision-making and executive powers to the departments of the head office and branches or to use these powers via these departments and branches.

ASSETS AND LIABILITIES COMMITTEE

Name-Surname	Duty	Assignment Date
Ufuk UYAN	Chairman, Member of the Board of Directors, CEO	10/05/1999
Hüseyin Cevdet YILMAZ	Member, Chief Risk Officer	16/12/2003
Ahmet Süleyman KARAKAYA	Member, Executive Vice President, Commercial Banking	14/01/2003
Bilal SAYIN	Member, Executive Vice President, Loans	20/08/2003
İrfan YILMAZ	Member, Executive Vice President, Banking Services Group	27/10/2005
Dr. Ruşen Ahmet ALBAYRAK	Member, Executive Vice President - Treasury and International Banking	05/05/2005
Ahmet KARACA	Member, Executive Vice President, Financial Affairs	12/07/2006
Nurettin KOLAÇ	Member, Executive Vice President, Law and Risk Follow-up	20/04/2010
Aslan DEMİR	Member, Executive Vice President, Strategy	08/10/2012
Mehmet ORAL	Member, Executive Vice President, Retail Banking	01/10/2012
Abdurrahman DELİPOYRAZ	Member, Executive Vice President, SME Banking	09/01/2015
Kamil KİBAR	Member, Group Manager, Treasury	01/10/2020

Duties and Responsibilities
This is the senior management committee responsible for the Bank's assets-liabilities and financial management. Meets weekly on a regular basis.

PARTICIPATIO1N IN COMMITTEE MEETINGS

The Board of Directors convenes when necessary in line with the Articles of Association and takes decisions based on requirements. The Board of Directors convened six times in 2021.

The Audit Committee oversees the effectiveness, adequacy, and functioning of the Bank's internal systems as per applicable laws, and takes necessary actions accordingly. The Audit Committee convened nine times in 2021, two of them were together with the Advisory Committee members.

The Risk Committee held six meetings in 2021.

The Credit Committee held six meetings in 2021.

The Assets and Liabilities Committee held fifty-two meetings in 2021.

The Advisory Board held twenty-four meetings in 2021.

All the committee meetings were held online due to the Covid-19 pandemic. Unless they had excuses, committee members were present during the meetings.

Related Party Transactions

Detailed information about the transactions of the risk group in which the bank is involved is given on pages 234 and 360 of the annual report.

Outsourced Services

Supplier	Contract Description
32BIT BİLGİSAYAR HİZMETLERİ LTD. ŞTİ.	Leasing, maintenance, and support services for IBM Robotic Process Automation (RPA)
32BIT BİLGİSAYAR HİZMETLERİ LTD. ŞTİ.	Provision of software connection service with the Reuters dealing system
ADEO BİLİŞİM DANIŞMANLIK HİZMETLERİ SANAYİ VE TİC. A.Ş.	Cyber Incidents Response Service Contract
ARAS KURYE SERVİSİ A.Ş.	Seninbankan Distribution and Transportation Service Contract
ARCHİTECHT BİLİŞİM SİSTEMLERİ VE PAZARLAMA TİC. A.Ş.	Service contract for the APIGO product
ARCHİTECHT BİLİŞİM SİSTEMLERİ VE PAZARLAMA TİC. A.Ş.	Usage license for Power Factor
ARCHİTECHT BİLİŞİM SİSTEMLERİ VE PAZARLAMA TİC. A.Ş.	Provision of digital security services to enhance the Bank's infrastructure, and block the phishing and malware attacks coming through the internet and mobile banking channels
ARKSIGNER YAZILIM VE DONANIM SAN. TİC. A.Ş.	E-SIGNATURE Integration System
BARİKAT İNTERNET GÜVENLİĞİ BİLİŞİM TİCARET A.Ş	2021 BRSA Penetration Test Contract
BİLEŞİM FİNANSAL TEKNOLOJİLER VE ÖDEME SİS. A.Ş.	Card customization and enveloping works; statement printing and enveloping services
BİLİŞİM BİLGİSAYAR HİZMETLERİ A.Ş.	Provision of credit card and merchant software infrastructure support services
BİLİŞİM BİLGİSAYAR HİZMETLERİ LTD. ŞTİ.	Service contract on software infrastructure support for ATM and Debit card management system
BİLİŞİM YAZILIM SİSTEMLERİ SANAYİ VE TİCARET A.Ş	IT Payroll Accrual Implementation Update and Maintenance Contract
BRINKS GÜVENLİK HİZMETLERİ A.Ş.	Precious Metals and Bills Storage
BS BİZİM SERVİS PERSONEL DANIŞMANLIK HİZMETLERİ A.Ş	Outsourced Staff Employment Contract
CALL CENTER RESOURCES DAN. A.Ş.	XTM Video Infrastructure Contract
CALL CENTER RESOURCES DAN. A.Ş.	Genesys Call Center System Maintenance Contract
CHRONOS İNSAN KAY. DANŞ. LTD. ŞTİ.	Payroll Creation Service Contract
COLLECTÜRK ALACAK YÖN VE DAN. A.Ş.	Provision of call services by company employees to Bank's debtors (card)
DESMER GÜVENLİK HİZMETLERİ TİCARET A.Ş.	Cash transportation services (including for ATMs and XTMs)
EKOL GRUP KORUMA GÜVENLİK EĞİT.HİZM. A.Ş.	Outsourcing backup security officers in place of those on leave/off duty with a medical report
ETCBASE YAZILIM VE BİLİŞİM TEKNOLOJİLERİ A.Ş.	NPL system user and development fees purchase contract
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	Supply and maintenance support for a supplementary software product for improvements related to SWIFT
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	Supply and maintenance service for SWIFT software for the Disaster Recovery Center

Supplier	Contract Description
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	Supply and maintenance of SWIFT supplementary software
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	Provision of SWIFT Alliance software maintenance and support services
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	Supply, maintenance, and update services for AML software
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	Provision of Paygate Inspector Annual Maintenance services
HANGİSİ İNTERNET VE BİLGİ HİZM. A.Ş.	Services include re-directing credit applications filed at the websites to the bank as per the contract signed with HangiKredi
HUGİN YAZILIM TEKNOLOJİLERİ A.Ş.	Monthly support services for cash register POS
INGENICO ÖDEME SİSTEM ÇÖZÜMLERİ A.Ş.	Monthly support services for cash register POS
İSTANBUL ALTIN RAFİNERİSİ A.Ş.	IAR gold day and gold orders
KEY YAZILIM ÇÖZÜMLERİ A.Ş.	Provision of mortgage software
KEY YAZILIM ÇÖZÜMLERİ A.Ş.	Provision of expert assessment software
KURYENET MOTORLU KURYECİLİK VE DAĞITIM HİZMETLERİ A.Ş.	Debit card and credit card transportation and delivery
LOOMİS GÜVENLİK HİZMETLERİ A.Ş.	Provision of local and international transportation and crating (storage) services for precious metals and banknotes worth a maximum of USD 100 million
METIS BİLGİSAYAR SİST. SAN. VE TİC. A.Ş.	Purchase of Call Center Outsourced Services
MİKROSARAY MİKROBİLGİSAYAR PAZ.VE TİC. A.Ş.	Monthly support services for cash register POS
MTM HOLOGRAFİ GÜVENLİKLİ BASIM VE BİLİŞİM TEK. SAN. A.Ş.	Check printing services
NADİR METAL RAFİNERİ SAN.VE TİC. A.Ş.	Provision of conversion services for Gold
NEXT4BİZ BİLGİ TEKNOLOJİLERİ A.Ş.	Customer Satisfaction Program purchase and maintenance services
PİL EĞİTİM BİLİŞİM MİMARLIK TİC. LTD. ŞTİ.	Purchase of Bliss software for the Mobile HR project, maintenance, and support for the software
PRODAFT SİBER GÜVENLIK TEKNOLOJILERI A.Ş.	Malicious Software Detection on Digital Channels
PROVISION BİLGİ İŞLEM SAN. VE TİC. A.Ş.	POS and card transformation project contract
PTT PARA LOJİSTİK VE ÖZEL GÜVENLİK HİZMETLERİ A.Ş.	Cash and Precious Metal Transportation
R2 SERVİS ELEKTRİK ELEKTRONİK VE BİLGİ TEKNOLOJİLERİ SANAYİ TİCARET A.Ş.	Monthly support services for cash register POS
REISSWOLF DOKÜMAN YÖNETİMİ HİZMETLERİ A.Ş.	Purchase of Archive Document Storage Service
SECURE FUTURE BİLGİ TEKNOLOJİLERİ VE HİZ. TİC.A.Ş.	BRSA Penetration Test Contract
SESTEK SES VE İLETİŞİM BİLGİSAYAR TEKNOLOJİLERİ SANAYİ TİCARET A.Ş.	Licensing, Supply, Maintenance and Support Services for Voice IVR, Voice Signature, Chatbot and Voice Analysis Software
SMARTPRO BİLİŞİM HİZMETLERİ VE DANIŞMANLIK SANAYİ VE TİCARET LTD. ŞTİ.	Service Contract for Outsourced Personnel
TELEKURYE DAĞITIM VE KURYE HİZMETLERİ A.Ş.	Tele-Courier Service Contract
TEM KURYECİLİK KIRTASİYE BİLGİSAYAR GIDA VE TAŞIMACILIK SANAYİ TİCARET LTD. ŞTİ.	Courier Service Contract
TESTINIUM TEKNOLOJİ YAZILIM A.Ş.	Software test automation services and technical consulting contract
TOKEN FİNANSAL TEKNOLOJİLER A.Ş	Monthly support services for cash register POS
TURKCELL SATIŞ VE DİJİTAL İŞ SERVİSLERİ A.Ş.	Paperless Branch Banking Project

Annual Report Compliance Opinion

Building a better working world

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

To the General Assembly of Kuveyt Türk Katılım Bankası A.Ş.

1) OPINION

We have audited the annual report of Kuveyt Türk Katılım Bankası A.Ş. (the ''Bank'') and its subsidiaries (collectively referred as the "Group'') for the period of 1 January 2021 – 31 December 2021.

In our opinion, the consolidated and unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated and unconsolidated financial statements and the information we obtained during the audit.

2) BASIS FOR OPINION

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

3) OUR AUDITOR'S OPINION ON THE FULL SET CONSOLIDATED AND UNCONSOLIDATED FINANCIAL STATEMENTS

We have expressed an unqualified opinion in our auditor's reports dated 21 February 2022 and 9 February 2022 on the full set consolidated and unconsolidated financial statements of the Group and the Bank, respectively, for the period of 1 January 2021 – 31 December 2021.

4) THE RESPONSIBILITY OF THE BOARD OF DIRECTORS ON THE ANNUAL REPORT

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 (''TCC'') and communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks', the management of the Group is responsible for the following items:

a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with is financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
c) The annual report also includes the matters below:
- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation, and representation expenses, financial aids and aids in kind, insurances and similar deposits.
- Other matters prescribed in the communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1,2006.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

5) AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL REPORT

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communique on 'Principles and procedures set out by the regulations on preparation and issuance of the annual reports of Banks' published in official gazette no.26333 dated November 1, 2006 , ''Regulation on Accounting Applications for Banks 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 Agency ("BRSA"), circulars, interpretations published by BRSA and ''BRSA Accounting and Financial Reporting Legislation'' which includes the provisions of Turkish Financial Reporting Standards ("TFRS") for the matters which are not regulated by these regulations, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated and unconsolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and BRSA Independent Audit Regulation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated and unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Emre Çelik.

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

Emre Çelik, SMMM
Partner

1 March 2022
Istanbul, Türkiye

Annual Report Statement of Responsibility

STATEMENT OF RESPONSIBILITY PREPARED IN ACCORDANCE WITH ARTICLE 9 OF THE COMMUNIQUÉ ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1) ISSUED BY THE CAPITAL MARKETS BOARD OF TURKEY

In respect of the Annual Report prepared by the Capital Market Board regulations for the period 01.01.2021 - 31.12.2021, we declare that; they have been examined by us; within the framework of the information we have in our field of duty and responsibilities in our company, they do not contain any material deficiencies that may result in an untrue statement or be misleading as of the date of disclosure; according to our information we have within the framework of our duties and responsibilities in our company, the financial statements prepared as per the Communiqué fairly reflect the Bank's assets, liabilities, financial position, and profit and loss and the development and performance of the business and the financial position of the business, together with significant risks and uncertainties.

Kind regards,

SHADI AHMED YACOUB ZAHRAN
Chairman of the Audit Committee

NADIR ALPASLAN
Audit Committee Member

MOHAMED HEDI MEJAI
Audit Committee Member

UFUK UYAN
CEO

AHMET KARACA
CFO

MEHMED TAHIR KAPLAN
Budget and Reporting Group Manager

Review of the Audit Committee on Internal Systems

The Audit Committee was established by the Board of Directors in line with the Banking Law No. 5411 and the Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process.

The responsibilities of the Board of Directors within the scope of internal systems are carried out by the Audit Committee and the Risk Committee. The Risk Committee for the Internal Control Department, the Risk Management Department and the Compliance Department, and the Audit Committee for the Internal Audit Group assumed the responsibility of internal systems. Within the organizational structure of the Bank, the units in the scope of internal systems are positioned under the Board of Directors through these committees. The Audit Committee convened 9 times in 2021, two of them were together with the Advisory Committee members.

INTERNAL AUDIT GROUP

The Internal Audit Group has carried out its activities in 2021 in line with the requirements of its business plan and expectations of stakeholders. Chief Internal Auditor (Head of the Internal Audit Group) and three vice presidents serve as the management staff of the Internal Audit Group.

In 2021, risk assessments were made for all of the audit entities such as domestic and foreign branches, Head Office departments, subsidiaries and the Bank's information systems. Following the results of that risk assessment, a risk-based audit plan was formed and became valid following the approval of the Board of Directors.

Besides the ordinary audit activities determined in the annual audit plan, special examinations and legal or administrative investigations were performed by the Internal Audit Group in the required matters and cases. Furthermore, in the scope of the Management Declaration Audit, a comprehensive assessment of general information system controls and business controls with regard to their efficiency, adequacy and compliance has been conducted. This assessment has provided a sound basis for the Management Declaration, which should be submitted to the Independent Audit Institution by the Board of Directors in line with the legal regulations.

Within the scope of the Communiqué on Compliance with the Principles and Standards of Interest-Free Banking, a risk assessment has been made regarding that the Bank's activities are carried out in accordance with the principles and standards of interest-free banking and the decisions of the Advisory Committee together with the effectiveness and adequacy of the compliance function. Risk-focused audit activities were carried out based on the assessment results, and the results were presented to the Audit Committee and the Board of Directors. In addition, the Audit Committee and the Advisory Committee met twice in 2021 to discuss the reports on interest-free banking compliance and audit activities together with actions taken against the findings in these reports and the aforementioned audit results were presented to the members of the committee at these meetings.

In the audits and other engagements performed throughout the year, deficiencies and errors (if any) were revealed and opinions and recommendations were put forth for preventing recurrence of those issues and effective and efficient utilization of the Bank's resources. Actions determined in the internal audit reports, which were agreed upon with auditees in line with recommendations, have been followed up in accordance with the Internal Audit Group's follow up policies and the results have been presented to the related authorities in required circumstances. Moreover, a summary of internal audit reports, general evaluations and other information about the activities of the Internal Audit Group have been quarterly submitted to the Audit Committee and Board of Directors. These reports have also been sent to the BRSA.

According to the International Standards for the Professional Practice of Internal Auditing, the internal audit activity is expected to implement a Quality Assurance and Improvement Program (QAIP). One of the requirements of this program is to confirm, through external assessments that should be conducted at least once every five years, that the internal audit activity is conducted in accordance with the Standards and that the internal auditors act in accordance with the Code of Ethics. In that framework, it had been documented, by an independent audit institution, that the activities of the Internal Audit Group are being carried out in accordance with the Standards in 2018.

INTERNAL CONTROL DEPARTMENT

The Internal Control Department is in charge of the internal control function within the Bank. Internal Control System has been established adequately and effectively to cover the activities of domestic and foreign branches, headquarters units and subsidiaries to reduce, manage, monitor and control of the risks exposed by the Bank. Bank's internal control system and internal control activities are designed and carried out adequately and effectively by the Internal Control Department together with the Bank's Management.

In accordance with the Bank's strategic targets, policies, internal and external regulations, Internal Control Department organized its activities into three different groups: "Branches and Central Internal Control", "Head Office and Information Systems Internal Control", "Participation Banking Compliance''. This structure based on specialization regarding business

lines, increased the efficiency, proficiency and compliance of operations and control systems through continuous controls. Within the scope of 2021 Control Program, the Bank's various business lines, units, branches, processes, new products, services were analyzed, monitored and the results were reported to the Senior Management with a proactive and dynamic approach adapting the materiality criteria and risk-focused approach. Besides, the Internal Control Department actively participated in the Bank's Strategic Projects and also Process Modeling and Analysis studies. As part of these efforts, the Internal Control Department analyzed processes together with relevant business units, identified any potential risks to the processes, provided consultancy in designing and establishing controls to counter and reduce these risks contributing to the development of the internal control environment and internal control systems across the Bank.

In addition, Internal Control Department, within the context of Participation Banking Compliance function, conducted effective and adequate activities regarding the compliance about Interest Free Banking Principles and Standards and Advisory Committee Resolutions.

RISK MANAGEMENT DEPARTMENT

Risk Management Department effectively undertook the tasks of ensuring that the risks faced by the Bank are identified, measured, monitored and managed in 2021.

Credit Risk Management and Modelling Department continues its activities in the realm of establishing and improving a strong infrastructure for risk management systems to execute risk management activities within the context of Credit Policy and Credit Risk Policy effectively. The internal credit risk limits determined with the Board of Directors' decisions are measured and presented to the Risk Committee in 2021. Endeavor continues to update the default probability estimation models, which are required to calculate the Capital Adequacy Ratio with the Internal Rating-Based Approach. PD scores of our internal models will be taken into consideration in risk management, marketing activities, credit allocation decision, credit risk monitoring, credit risk follow-up processes. They will play an essential role in all of these activities.

Work on compliance with the IFRS-9 Financial Instruments Standard, which entered into force in 2018, was carried out throughout the bank by the Credit Risk Management and Modeling Department in coordination with the main shareholder KFH. After the expected credit loss calculations were automated through the Strategic Solution in 2020, the updates made in the models were implemented in the system. In 2021, the performance of the existing rating models was monitored and revisions were made in the models where necessary. Loss Given Default models based on internal default and recovery data continued to be used, studies were carried out on the development areas of the model according to the results of model validation, and it has been analyzed whether the macroeconomic factors have an impact on the overall recovery process. The model outcomes of Credit Conversion models ensured to be up to date through reviewing.

Besides, impact analyzes have been carried out with the participation of Credit, Risk Follow Up and Marketing units regarding the risks that the global pandemic that emerged at the beginning of 2020 may pose in our bank's credit portfolio, and according to the results of the study, key risk indicator limits of some economic sectors were updated. In addition, management intervention was applied in the expected credit loss model in order to reflect the upside risks that may be caused by factors such as unemployment, exchange rate risk, etc. on the macroeconomic outlook and credit risk, with the effect of the pandemic and current conditions, and thus, a cautious calculation of loan provisions for future credit losses was ensured. On the other hand, some simulations have been carried out for loss allowances on credit portfolios through assessing the level of severities of different economic sectors under various stress scenarios.

Following the completion model development for the measurement and management of credit risk within the framework of early warning systems to take timely actions regarding the customers who have a significant increase in the credit risk which will be the trigger of the stage transitions in the scope of IFRS-9, the implementation of Early Warning System have been monitored and for the sake of the enhancement of the system, recommendations have been given to the responsible departments by conducting risk analysis.

The level of compliance with the guidelines issued by the BRSA was determined and endeavor continues to increase the level of compliance in coordination with the relevant business units.

The Validation Service continued its validation activities for both IFRS 9 model and the models for the three key components of expected credit loss calculation (PD, LGD and EaD) in terms of IRB and IFRS 9 legislation in 2021. Initial validation of the corporate and individual LGD models for IFRS 9 has been carried out. Work has begun on the development of validation automation for the regular monitoring of LGD models for TFRS 9, and it is aimed to carry out periodic validations regularly in 2022. Periodic validation of the IFRS 9 model has been carried out and infrastructure developments have been started for its automation. Periodic validation studies were carried out by using the validation automation developed for the regular monitoring of PD models for the IRB approach, by monthly monitoring over quantitative tests and by preparing a periodic validation report every 6 months. Work on the development of validation automation for the regular monitoring of PD models for IFRS 9 has been completed, and it is aimed to perform periodic validations regularly in 2022. Initial validation studies of the core deposit model were carried out and infrastructure preparations for the periodical validation studies to be carried out in 2022 were started. In order to standardize validation activities, a validation guide has been prepared and a process validation guide has been created. These documents have been shared with the relevant stakeholders that will be affected. In 2022, it is aimed to continue the periodical validation activities and to increase the level of automation.

Market risk is periodically reviewed in the Risk Committee and reported to BRSA monthly. Market risk-weighted assets are calculated under the Basel III standard method.

Review of the Audit Committee on Internal Systems

Bank's Internal Capital Adequacy Assessment Report with 2020 year-end data was prepared on a consolidated and unconsolidated basis to assess the capital adequacy of the Bank in normal and stress periods and was submitted to BRSA. Periodic stress tests and scenario analyses were performed and presented in the Risk Committee meetings. Besides, market risk, counterparty credit risk and liquidity risk stress tests were implemented simultaneously and on a monthly basis. A monthly report which includes the Bank's asset-liability management, market and liquidity risks, investments and other topics has been shared with senior management and our main shareholder KFH. Sukuk and other investment portfolios have been monitored regularly, reported to the Risk Committee and our main shareholder KFH. Besides, the works of the risk appetite of the Bank, early warning system consisting of economic indicators related to the fiscal, monetary and financial system in Turkey and the world overall, moreover the economic and financial analysis developed under Kuwait Central Bank requirements and conducted within the framework of CAMELBCOM approach were reported to our main shareholder KFH on quarterly basis.

Within the framework of operational risk activities, the Bank's operational risk loss data is stored in a systematic way and accordance with Basel III standards. Operational risk concentrations were monitored actively by adopting a terminology appropriate to Basel III and reported to the Risk Committee. In Risk Control Self-Assessment studies, workshops are arranged as a tool to assess risks in the Bank's activities and processes against potential operational risk vulnerabilities and operational risk teams attended these workshops. Additionally, studies were conducted to comply with the operational risk best practice guidelines published by the BRSA. Moreover, the Risk Management Department actively involved in the activities required by the Regulation on Support Services, Risk Management Program for Support Services was revised and submitted to the Board of Directors.

In the framework of Basel III regulations, credit risk-weighted assets are calculated according to the standard method and reported to the BRSA monthly on an unconsolidated and consolidated basis. Capital adequacy ratio is also calculated and reported to the BRSA by the Risk Management Department. The Risk Report Set, which contains detailed information on all the transactions subject to Credit Risk-Weighted Assets calculation, is prepared monthly.

Disaster Recovery Center Test was completed successfully in November within the scope of Business Continuity. To determine criticality levels of the Bank's processes, business impact analysis studies have been performed. The Bank's incident response and business continuity plans are updated and department-specific plans are formed.

COMPLIANCE DEPARTMENT

Compliance Department conducts activities in order to ensure that compliance risk is effectively managed and kept under control, the risks are prevented before realization and Bank's operations are continuously carried out accordingly and in compliance with the relevant legislation and regulations.

Updating Bank operations in accordance with the regulatory changes concerning the Bank activities is monitored and reported. Compliance status to regulations that consolidated subsidiaries and foreign branches are subject to is monitored.

Activities, products and transactions that are currently provided or in development are monitored for compliance with Banking Law, the anti-money laundering and combating the finance of terrorism (AML/CFT) regulations and other relevant regulations, Bank policies, rules and Banking practices.

Efforts to ensure compliance of Bank's activities with AML/CFT regulations are carried out, Bank policies and procedures are established, risk management, monitoring and control activities are conducted with a risk-based approach and identification, follow-up and reporting of suspicious activities to the relevant official authority are performed. Bank employees are provided with consultancy on AML/CFT related subjects and training programs are organized regarding relevant regulations in order to increase the awareness and knowledge of employees. Compliance of the subsidiaries and foreign branches with AML/CFT regulations is observed.

SHADI AHMED YACOUB ZAHRAN
Audit Committee Chairman

NADIR ALPASLAN
Audit Committee Member

MOHAMED HEDI MEJAI
Audit Committee Member

Advisory Committee's Assessment on the Bank's Compliance with Interest-Free Banking Principles and Standards

Praise be to Allah and prayers and salat and salaam be on the Prophet, his family, and his followers.

ESTEEMED SHAREHOLDERS,

The Advisory Committee reviewed the products, contracts, and practices of Kuveyt Türk Participation Bank as raised in the Advisory Committee meetings during the period that ended on December 31, 2021. Similarly, the Advisory Committee undertook activities to present opinions about fatwas and decisions to ensure Kuveyt Türk Participation Bank's compliance with the principles of participation banking. As stated by the Advisory Committee, the Management of the Bank is responsible for checking and auditing the compliance of contracts and practices with the principles of participation banking.

Taking the reports, information, disclosures, questions, and other matters presented to the Advisory Committee throughout the year into account, Kuveyt Türk was found to act generally in compliance with the principles of participation banking, decisions/standards of the Advisory Board, and the decisions of the Advisory Committee. Revenues generated in a manner to contradict participation banking principles were held in the punitive account. The Advisory Committee thanks the Senior Management, relevant units, and employees for their support and compliance with the Advisory Committee's decisions, and wish that Allah increase your good deeds and grant you success in your works.

May Allah's mercy and blessings be upon you.

Assessment on Financial Status, Profitability and Solvency

Kuveyt Türk Participation Bank's total assets increased by 67% reaching TL 254.1 billion as of year-end 2021, while the shareholders' equity rose 31% and reached TL 10.5 billion. Concordantly, the Bank's capital adequacy ratio was above the legal requirement at 23.05%. The Bank continues to increase its profit by using its resources efficiently and productively. Information on financial situation, profitability and solvency can be seen in the financial statements and independent audit report.

Ratings of Kuveyt Türk by International Rating Agencies

Ratings assigned by the rating agencies authorized in line with the Regulation on Principles for the Authorization and Activities of Rating Agencies and content thereof are given below.

Fitch Ratings-September 2021	Ratings
Long-term Foreign Currency	B+
Short-term Foreign Currency	B
Long-term Local Currency	BB-
Short-term Local Currency	B
Support Rating	4
Viability Rating	B+
Outlook	Stable
Long-term National Credit Rating	AA (tur)

Information on Risk Management Policies

CREDIT RISK MANAGEMENT POLICY AND PROCEDURES

Bank's Senior Management must manage and monitor loan risk policies by considering legal regulations. Within the scope of loan risk policy;

- Strategy,
- Loan risk management process,
- Limit allotment principles,
- Internal risk limits,
- Concentration risk management,
- Country and transfer risk management,
- Loan risk reports,
- New products and services and
- Risk monitoring, control, and improvement

activities are conducted.

Within this scope, periodic reports are prepared for the research of new techniques and practices for measuring, monitoring, and control of undertaken loan risks in loan transactions and risks defined within the legal and Bank's internal risk limits, tracking non-performing receivables, analyzing the reasons for the delay and taking necessary measures.

The Board of Directors determines the risk appetite of the Bank via risk type based internal risk limits based on the Bank's risk-taking capacity.

Various analyses and reports are generated for the Bank's portfolio within internal risk limits. Risk management transactions regarding the monitoring and management of loan risk based on country, concentration, maturity, industry, default rate, legal status, collateral, geography, currency type are performed and Risk Committee is informed with the regular reports prepared for the Bank portfolio within the internal risk limits.

MARKET RISK MANAGEMENT POLICY AND PROCEDURES

Kuveyt Türk executes its risk management transactions under the responsibility of the Board of Directors in compliance with the legal regulations. For this reason, market risk management transactions are regulated within legal regulations.

Implementing the Risk Management Strategy, Policy and Implementing Procedures approved by the Board of Directors, providing timely and reliable reporting on important risks faced by the Bank and evaluating the risk reports, taking predicted and necessary measures, and participating in the process of defining risk limits are the responsibilities of the Senior Management.

Risk policies and implementing procedures defined for the market risk that the Bank is exposed to are approved by the Board of Directors and reviewed regularly. Market risk is managed by defining, measuring, limiting, reporting possible risks to be faced by the Bank due to existing market conditions in line with international standards and reserving capital accordingly as well as decreasing risks with hedging transactions.

In line with the Risk Strategy document, it is made sure the Bank has sufficient capital and liquidity to continue its operations under all circumstances and that these are maintained at a reasonable level.

Defining written limits for the digitized risks resulting from the Bank's transactions that are subject to market risk, monitoring risks undertaken by the Bank and risk limits, tracking limit excesses are performed with Market Risk Policy, Asset & Liability, and Profit Sharing Risk Policy, and Liquidity Risk Policy. It is substantial that the processes are executed within defined limits and Bank's risk tolerance is considered while defining the limits.

Information on Risk Management Policies

The acceptable risk level of treasury transactions is defined as the customer limits, dealing limits, allowed transactions, counterparty limits, and country risk limits. The establishment of necessary tracking and control procedures to ensure regulatory compliance and prevent unacceptable situations is determined by the principles of this policy.

The limits must be defined as risk-based. Besides nominal amounts based on monetary magnitude, these limits can be also proportional limits based on risk measurement results such as the percentage of the average value at risk, percentage of risk-weighted assets, or concentration-based limits including sectoral or debtor based limitations.

Risk limits are established within the limits put on related matters approved by the Bank in all risk categories within the regulations and materiality criterion. Also, the code of practice on actions to be taken if early warning limits are determined and these limits are exceeded is defined by the Board of Directors.

Kuveyt Türk's market risk management and guiding limits and informative reports system used for this purpose are based on the principles below;

Ensuring that risk management transactions work efficiently and reliably,

Ensuring that the Bank undertakes risks in line with its risk-taking capability and capacity and risk-taking limits are managed in line with the risky markets and risk-taking capacities of the Bank's related departments.

OPERATIONAL RISK MANAGEMENT POLICY AND PROCEDURES

Processes of defining, evaluating, monitoring, controlling, and mitigating the operational risks faced by the Bank are executed under the supervision of the Board of Directors and Risk Committee.

Policies and implementing procedures defined within operational risk management and on-the-job training provided for employees and effective internal control mechanisms ensure that business units have the risk management point of view and the integration of the operational risk management culture into all units and activities. Within this scope, each unit and employee should well understand their transactions and position within the operational risk management and be aware of their authority and responsibilities.

Risk, Control Self-Assessment Policy was established to make I) self-assessment of the Bank regarding operational risks II) evaluation of the potential threats arising from operational processes and activities, and assessment of the weaknesses of the Bank against these threats III) analysis of the potential adverse impacts of such threats and weaknesses on the Bank.

Works are performed on all kinds of operational risk types that the Bank is exposed to and the quality of corrective actions for such risks and risk-mitigating transactions are evaluated to allow the determination of problems before the occurrence of substantial losses for the Bank. In this regard, operational risk incidents above the defined threshold value, and detailed information of such incidents are recorded; at the same time, Risk, Control Self-Assessment works are performed to define the potential operational risks.

Five-Year Summary Financial Information

(TL thousand)	2017	2018	2019	2020	2021
Profit Sharing Income	3,850,986	5,997,843	7,471,511	9,327,690	13,035,305
Profit Sharing Expense (-)	1,716,773	2,850,053	3,975,600	3,118,614	5,404,863
Net Fee and Commission Income	241,002	349,546	468,907	350,721	577,758
Other Revenues	477,101	1,111,204	2,060,416	1,219,495	3,092,270
Other Expenses	2,003,383	3,482,483	4,609,967	5,926,609	7,753,104
Tax Provision (-)	174,942	256,245	305,429	452,402	1,045,639
Net Profit for the Period	673,991	869,812	1,109,838	1,400,281	2,501,727
Total Assets	57,123,095	74,232,325	104,439,345	152,290,315	254,068,260
Total Shareholders' Equity	4,591,151	5,438,553	6,821,290	7,995,097	10,456,853
Capital Adequacy Ratio (%)	17.66	17.68	19.32	21.26	23.05

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

Independent auditor's report, unconsolidated financial statements and notes for the year ended December 31, 2021

(Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish)

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(Convenience translation of the auditor's report originally issued in Turkish ~ See Note I of Section Three)

REPORT ON UNCONSOLIDATED FINANCIAL INFORMATION

To the General Assembly of Kuveyt Türk Katılım Bankası A.Ş.

A) Audit of Unconsolidated Financial Statements

1) Opinion

We have audited the accompanying unconsolidated financial statements of Kuveyt Türk Katılım Bankası A.Ş (the "Bank") which comprise the unconsolidated statement of financial position as at December 31, 2021, and the unconsolidated statement of income, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended and notes to the unconsolidated financial statements and a summary of 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 the Bank as at December 31, 2021 and unconsolidated financial performance and unconsolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2) Basis for Opinion

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

3) Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit 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.

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Key Audit Matter	How the matter is addressed in our audit
Classification, measurement and impairment of financial assets within the scope of TFRS 9 "Financial Instruments" Standard and disclosures	
As disclosed in footnote 1.5 of Section 3; the Bank measures expected credit losses for financial instruments by TFRS 9 "Financial Instruments Standards". The rationale reasons for selecting TFRS 9 implementation and impairment of financial assets as key audit subject are as follows; - Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements - The applications TFRS 9 are complex and comprehensive - The classification of financial instruments based on the Bank's business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows - Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses - The complexity and intensity of the control environment in the processes designed or reorganized for TFRS 9 - Estimations and assumptions used in expected credit losses are new, important and complex - Complex and comprehensive disclosure requirements of TFRS 9.	Our audit procedures in addition to our current audit procedures: - Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Bank's past performance, and local and global practices and notifications from regulatory authorities - Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Information Systems and Process Audit specialists - Evaluation of the impact of Covid-19 outbreak on the staging of loans and macroeconomic variables used in the expected loan loss allowance calculations, together with its effect on the fair value calculations, important forecasts and assumptions. - Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices - Testing criteria used for determining the contractual cash flows including profit share payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Bank's business model - Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Bank's historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis - Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses - Detailed testing of mathematical verification of expected credit losses' calculation on a sample basis - Evaluating the judgments and estimates used for the individually assessed financial assets. - Evaluating the necessity and accuracy of the updates made or required updates after the modeling process - Auditing of disclosures related to TFRS 9.

4) Responsibilities of Management and Directors for the Unconsolidated Financial Statements

Bank 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 the financial statement that is 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.

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

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

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

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

- Identify and asses 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 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentations.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe the matters in our auditor's report unless law or regulation precludes public disclosures 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) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period 1 January – 31 December 2021 are not in compliance with the TCC and the Bank's articles of association in relation to financial reporting.

2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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.

The engagement partner who supervised and concluded this independent auditor's report is Emre Çelik.

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

Emre Çelik, SMMM
Partner

9 February 2022
Istanbul, Turkey

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KUVEYT TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

Address of the head office	: Büyükdere Cad. No:129/1 34394 Esentepe-Şişli / İSTANBUL
Phone number and fax number	: 0 212 354 11 11 - 0 212 354 12 12
Web page	: www.kuveytturk.com.tr
E-mail address	: kuveytturk@kuveytturk.com.tr

The unconsolidated financial report for the year-end prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- General Information about the Bank
- Unconsolidated Financial Statements of the Bank
- Explanations on Accounting Policies Applied in the Period
- Information on Financial Structure and Risk Management of the Bank
- Footnotes and Explanations on Unconsolidated Financial Statements
- Other Explanations
- Independent Auditors' Report

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances and in compliance with the financial records of our Bank and, unless stated otherwise, presented in thousands of Turkish Lira (TL).

Hamad Abdulmohsen AL-MARZOUQ Chairman of the Board of Directors	Shadi Ahmed Yacoub ZAHRAN Head of the Audit Committee	Nadir ALPASLAN Member of the Audit Committee
Mohamed Hedi MEJAI Member of the Audit Committee	Ufuk UYAN Chief Executive Officer	Ahmet KARACA Chief Financial Officer	Mehmed Tahir Kaplan Budget and Reporting Group Manager

Contact information of the personnel in charge of the addressing of questions about this financial report:
Name-Surname/Position: Mustafa ERDEM/ Assistant Manager
Phone no: 90 212 354 75 24
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KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 DECEMBER 2021
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

1. History of the Bank including its incorporation date, initial legal status and amendments to legal status

Kuveyt Türk Katılım Bankası A.Ş. ("The Bank") was incorporated with the approval of the Central Bank of the Republic of Turkey (CBRT) on 28 February 1989 and commenced its operations on 31 March 1989, with the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. To comply with the Banking Act 5411, the title of the Bank has been changed to Kuveyt Türk Katılım Bankası A.Ş. with a change in the Articles of Association which was approved in the annual general meeting dated 26 April 2006. Main field of operation is, in addition to the Bank's equity, to collect funds from domestic and foreign customers through "Current Accounts" and "Profit/ Loss Sharing Accounts" and allocate such funds to the economy, to perform all kinds of financing activities in accordance with the regulations, to encourage the investments of all individuals and legal entities operating in agricultural, industrial, trading and service industries, participating into the operations of these entities or individuals and to form joint business partnerships and to perform all these activities in a non-interest environment.

2. Shareholding structure, shareholders jointly or individually having direct or indirect control over the management and supervision of the Bank and the disclosures on any related changes in the current period, if any, and information about the Group that the Bank belongs to

As of 31 December 2021, 62.24% of the Bank's shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by Wafra International Investment Company in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% of the shares are owned by other real persons and legal entities.

3. Explanations regarding the chairman and the members of board of directors, audit committee members, general manager and assistant general managers and their shares in the bank

Name	Title	Date of Assignment	Date of Audit Committee Assignments	Audit Committee End Date	Educational Degree	Ownership Percentage
Hamad Abdulmohsen AL MARZOUQ	Head of the BOD	25/06/2014			Master	-
Shadi Ahmed Yacoub ZAHRAN	Member of BOD and chairman of the audit committee	25/09/2020	04/11/2020		Master	-
Nadir ALPASLAN	Vice President of BOD and member of Audit Committee	15/04/2011	24/12/2019		Bachelor	-
Salah A E AL MUDHAF	Member of BOD	07/10/2019			Bachelor	-
Burhan ERSOY	Member of BOD	18/06/2020			Bachelor	-
Mohamed Hedi MEJAI	Member of BOD and Audit Committee	25/03/2021	04/05/2021		Master	-
Ahmad S A A AL KHARJİ	Member of BOD	26/03/2014	24/09/2014	09/09/2020	Master	-
Gehad Mohamed Elbendary ANANY	Member of BOD	25/09/2020	09/09/2020	04/11/2020	Bachelor	-
Ufuk UYAN	Member of BOD and General Manager	10/05/1999			Master	0.057%
Ahmet KARACA	Assistant General Manager, Financial Control.	12/07/2006			Master	0.001%
Ahmet Süleyman KARAKAYA	Assistant General Manager, Corporate and Commercial Banking	14/01/2003			Bachelor	-
Bilal SAYIN	Assistant General Manager, Lending	20/08/2003			Bachelor	0.004%
İrfan YILMAZ	Assistant General Manager, Banking Services	27/10/2005			Bachelor	0.017%
Dr. Ruşen Ahmet ALBAYRAK	Assistant General Manager, Treasury and International Banking.	05/05/2005			Doctorate	0.008%
Nurettin KOLAÇ	Assistant General Manager, Legal and Risk Follow Up	20/04/2010			Bachelor	0.001%
Aslan DEMİR	Assistant General Manager, Strategy	08/10/2012			Bachelor	0.006%
Mehmet ORAL	Assistant General Manager, Retail Banking	01/10/2012			Bachelor	0.005%
Abdurrahman DELİPOYRAZ	Assistant General Manager, SME Banking	09/01/2015			Bachelor	0.005%
Hüseyin Cevdet YILMAZ	Head of Risk, Control and Compliance Group	16/12/2003			Bachelor	0.001%

Chairman and members of the Board of Directors, members of auditing committee, general manager and assistant general managers own 0.10% of the Bank's share capital (31 December 2020 – 0.12%).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 DECEMBER 2021
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

4. Information on qualified shareholders

Name / Commercial Name	Share amount (Nominal)	Shareholding percentage	Paid shares (Nominal)	Unpaid shares
Kuwait Finance House	2,863,098	%62.24	2,863,098	-
Vakıflar Genel Müdürlüğü Mazbut Vakıfları	861,086	%18.72	861,086	-
Total	**3,724,184**	**%80.96**	**3,724,184**	**-**

As of 31 December 2021, the shares of parent shareholder of Bank, Kuwait Finance House ("KFH") are 51.95% publicly traded; 24.08% of KFH belongs to Kuwait Investment Authority and 10.48% belongs to Public Authority for Minors Affairs.

5. Explanations of the Bank's services and field of operations

The Bank's field of operations includes corporate banking, international banking services, and retail banking and credit card services. The Bank's core business is operating in accordance with the principles of interest-free banking as a participation bank by collecting funds through current and profit/loss sharing accounts and lending such funds to its customers.

As of 31 December 2021, the Bank is operating through 442 domestic branches (31 December 2020 – 435) with 6,133 employees (31 December 2020 – 6,000). Summary of some of the Bank's operations described in the Articles of Association are as follows:

- To collect funds through "Current Accounts" and "Profit/Loss Sharing Accounts" and special fund pools in line with the regulations;
- To allocate funds to the economy and provide all kinds of cash, non-cash loans within the principles of non-interest banking;
- To offer financial and operational leasing;
- To handle all kinds of deposits and payments, including travelers' checks, credit cards and other payment instruments, provide member business services (POS), consulting, advisory, and safe deposit box services;
- To purchase financial instruments on money and capital markets in cash or installments, sell and mediate the sale and trade on the stock exchange in accordance with legislation and principles of non-interest banking;
- To purchase, acquire and construct any kind of real estate and if necessary lease or transfer ownership to other persons;
- To act as a representative, deputy or agent for corporations and enterprises (including insurance companies);
- To provide socially responsible aid for the benefit of the community in the light of the legislations.

The Bank's activities are not limited to the list above. If another transaction is decided to be beneficial to the Bank, the transaction must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities after whom it also needs to be approved by the Ministry of Trade since it constitutes an amendment of the Article of Association. Decisions that have been approved through all these channels will be included to the Article of Association.

6. Current or likely actual legal barriers to immediate transfer of equity or repayment of debts between Bank and its subsidiaries

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021

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

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

			Audited Current Period 31.12.2021			Audited Prior Period 31.12.2020		
	ASSETS	**Note**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**FINANCIAL ASSETS (Net)**		**23,975,789**	**101,993,815**	**125,969,604**	**17,678,002**	**41,874,104**	**59,552,106**
1.1.	**Cash and Cash Equivalents**		**5,403,971**	**74,571,274**	**79,975,245**	**1,170,297**	**29,286,305**	**30,456,602**
1.1.1.	Cash and Balances with Central Bank	(5.1.1.)	5,384,058	60,071,258	65,455,316	1,144,427	23,503,483	24,647,910
1.1.2.	Banks	(5.1.3.)	20,571	14,502,373	14,522,944	26,317	5,783,150	5,809,467
1.1.3.	Money Markets		-	-	-	-	-	-
1.1.4.	Expected Credit Loss (-)		658	2,357	3,015	447	328	775
1.2.	**Financial Assets at Fair Value Through Profit or Loss**		**1,233,834**	**10,951,814**	**12,185,648**	**996,392**	**6,843,055**	**7,839,447**
1.2.1.	Government Debt Securities		395,925	10,639,682	11,035,607	315,651	6,735,347	7,050,998
1.2.2.	Equity Instruments		-	-	-	-	-	-
1.2.3.	Other Financial Assets		837,909	312,132	1,150,041	680,741	107,708	788,449
1.3.	**Financial Assets at Fair Value Through Other Comprehensive Income**	**(5.1.4.)**	**16,287,493**	**15,877,864**	**32,165,357**	**15,382,767**	**5,412,306**	**20,795,073**
1.3.1.	Government Debt Securities		16,083,932	15,622,265	31,706,197	15,299,606	5,190,032	20,489,638
1.3.2.	Equity Instruments		7,602	75,285	82,887	8,056	40,405	48,461
1.3.3.	Other Financial Assets		195,959	180,314	376,273	75,105	181,869	256,974
1.4.	**Derivative Financial Assets**		**1,050,491**	**592,863**	**1,643,354**	**128,546**	**332,438**	**460,984**
1.4.1.	Derivative Financial Assets at Fair Value Through Profit or Loss	(5.1.2.)	1,050,491	592,863	1,643,354	128,546	332,438	460,984
1.4.2.	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.11.)	-	-	-	-	-	-
II.	**FINANCIAL ASSETS MEASURED WITH AMORTISED COSTS (Net)**	**(5.1.5.)**	**57,550,517**	**62,034,113**	**119,584,630**	**50,885,111**	**28,668,356**	**79,553,467**
2.1.	**Loans**		**59,228,283**	**52,212,308**	**111,440,591**	**52,228,515**	**21,814,537**	**74,043,052**
2.2.	**Leasing Receivables**	**(5.1.10.)**	**3,238,260**	**8,687,675**	**11,925,935**	**2,360,266**	**2,650,730**	**5,010,996**
2.3.	**Other Financial Assets Measured At Amortized Cost**	**(5.1.6.)**	**-**	**4,798,614**	**4,798,614**	**-**	**5,931,297**	**5,931,297**
2.3.1.	Government Debt Securities		-	4,798,614	4,798,614	-	5,931,297	5,931,297
2.3.2.	Other Financial Assets		-	-	-	-	-	-
2.4.	**Expected Credit Loss (-)**		**4,916,026**	**3,664,484**	**8,580,510**	**3,703,670**	**1,728,208**	**5,431,878**
III.	**PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS(NET)**	**(5.1.16.)**	**240,891**	**-**	**240,891**	**519,087**	**-**	**519,087**
3.1.	Held For Sale		240,891	-	240,891	519,087	-	519,087
3.2.	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES**		**1,481,015**	**-**	**1,481,015**	**1,481,015**	**-**	**1,481,015**
4.1.	**Investments in Associates (Net)**	**(5.1.7.)**	**-**	**-**	**-**	**-**	**-**	**-**
4.1.1.	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2.	Unconsolidated Associates		-	-	-	-	-	-
4.2.	**Investment in Subsidiaries (Net)**	**(5.1.8.)**	**1,461,015**	**-**	**1,461,015**	**1,461,015**	**-**	**1,461,015**
4.2.1.	Unconsolidated Financial Subsidiaries		1,437,335	-	1,437,335	1,437,335	-	1,437,335
4.2.2.	Unconsolidated Non-Financial Subsidiaries		23,680	-	23,680	23,680	-	23,680
4.3.	**Investment in Joint Ventures (Net)**	**(5.1.9.)**	**20,000**	**-**	**20,000**	**20,000**	**-**	**20,000**
4.3.1.	Joint Ventures Valued Based on Equity Method		20,000	-	20,000	20,000	-	20,000
4.3.2.	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	**TANGIBLE ASSETS (Net)**	**(5.1.12.)**	**1,221,027**	**1,571**	**1,222,598**	**1,161,631**	**1,173**	**1,162,804**
VI.	**INTANGIBLE ASSETS (Net)**	**(5.1.13.)**	**248,173**	**14**	**248,187**	**190,532**	**-**	**190,532**
6.1.	Goodwill		-	-	-	-	-	-
6.2.	Other		248,173	14	248,187	190,532	-	190,532
VII.	**INVESTMENT PROPERTIES (Net)**	**(5.1.14.)**	**-**	**-**	**-**	**24,987**	**-**	**24,987**
VIII.	**CURRENT TAX ASSETS**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**DEFERRED TAX ASSETS**	**(5.1.15.)**	**1,713,575**	**-**	**1,713,575**	**748,336**	**-**	**748,336**
X.	**OTHER ASSETS**	**(5.1.17.)**	**1,321,031**	**2,286,729**	**3,607,760**	**790,979**	**8,267,002**	**9,057,981**
	TOTAL ASSETS		**87,752,018**	**166,316,242**	**254,068,260**	**73,479,680**	**78,810,635**	**152,290,315**

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021

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

1. BALANCE SHEET – LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

			Audited Current Period 31.12.2021			Audited Prior Period 31.12.2020		
	LIABILITIES	**Note**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**FUNDS COLLECTED**	**(5.2.1.)**	**57,295,682**	**154,809,707**	**212,105,389**	**33,499,285**	**88,673,699**	**122,172,984**
II.	**FUNDS BORROWED**	**(5.2.3.)**	**4,795,462**	**3,526,512**	**8,321,974**	**2,868,946**	**8,719,946**	**11,588,892**
III.	**MONEY MARKETS**		**6,495,137**	**-**	**6,495,137**	**185,225**	**-**	**185,225**
IV.	**SECURITIES ISSUED (Net)**		-	-	-	-	-	-
V.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		-	-	-	-	-	-
VI.	**DERIVATIVE FINANCIAL LIABILITIES**		**192,898**	**65,015**	**257,913**	**1,390,486**	**286,320**	**1,676,806**
6.1.	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.2.2.)	192,898	65,015	257,913	1,390,486	286,320	1,676,806
6.2.	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.2.6.)	-	-	-	-	-	-
VII.	**LEASE PAYABLES**	**(5.2.5.)**	**342,556**	**9,819**	**352,375**	**340,115**	**3,910**	**344,025**
VIII.	**PROVISIONS**	**(5.2.7.)**	**1,443,840**	**998,535**	**2,442,375**	**1,170,443**	**400,358**	**1,570,801**
8.1.	Restructuring Provision		-	-	-	-	-	-
8.2.	Reserves For Employee Benefits		570,937	1,367	572,304	418,183	659	418,842
8.3.	Insurance For Technical Provision (Net)		-	-	-	-	-	-
8.4.	Other Provisions		872,903	997,168	1,870,071	752,260	399,699	1,151,959
IX.	**CURRENT TAX LIABILITIES**	**(5.2.8.1.)**	**1,158,997**	**-**	**1,158,997**	**348,052**	**-**	**348,052**
X.	**DEFERRED TAX LIABILITIES**		**-**	**-**	**-**	**-**	**-**	**-**
XI.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	**(5.2.9.)**	**-**	**-**	**-**	**-**	**-**	**-**
11.1.	Held For Sale		-	-	-	-	-	-
11.2.	Related to Discontinued Operations		-	-	-	-	-	-
XII.	**SUBORDINATED DEBT INSTRUMENTS**	**(5.2.10.)**	**-**	**8,100,496**	**8,100,496**	**-**	**4,590,265**	**4,590,265**
12.1.	Loans		-	-	-	-	-	-
12.2.	Other Debt Instruments		-	8,100,496	8,100,496	-	4,590,265	4,590,265
XIII.	**OTHER LIABILITIES**	**(5.2.4.)**	**1,843,584**	**2,533,167**	**4,376,751**	**1,289,708**	**528,460**	**1,818,168**
XIV.	**SHAREHOLDERS` EQUITY**	**(5.2.11.)**	**10,531,507**	**(74,654)**	**10,456,853**	**7,904,654**	**90,443**	**7,995,097**
14.1.	Paid-in Capital		4,595,131	-	4,595,131	4,595,131	-	4,595,131
14.2.	Capital Reserves		25,124	-	25,124	25,124	-	25,124
14.2.1.	Share Premiums		23,250	-	23,250	23,250	-	23,250
14.2.2.	Share Cancellation Profits		1,874	-	1,874	1,874	-	1,874
14.2.3.	Other Capital Reserves		-	-	-	-	-	-
14.3.	Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss		(52,112)	-	(52,112)	(51,258)	-	(51,258)
14.4.	Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		49,331	(74,654)	(25,323)	(87,218)	90,443	3,225
14.5.	Profit Reserves		3,359,858	-	3,359,858	1,970,146	-	1,970,146
14.5.1.	Legal Reserves		355,870	-	355,870	284,943	-	284,943
14.5.2.	Statutory Reserves		-	-	-	-	-	-
14.5.3.	Extraordinary Reserves		2,936,850	-	2,936,850	1,617,135	-	1,617,135
14.5.4.	Other Profit Reserves		67,138	-	67,138	68,068	-	68,068
14.6.	Profit or Loss		2,554,175	-	2,554,175	1,452,729	-	1,452,729
14.6.1.	Prior Years' Profits or Losses		52,448	-	52,448	52,448	-	52,448
14.6.2.	Current Period Net Profit or Loss		2,501,727	-	2,501,727	1,400,281	-	1,400,281
14.7.	Minority Shares	(5.2.12.)	-	-	-	-	-	-
	TOTAL LIABILITIES AND EQUITY		**84,099,663**	**169,968,597**	**254,068,260**	**48,996,914**	**103,293,401**	**152,290,315**

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS OF 31 DECEMBER 2021

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

2. STATEMENT OF OFF-BALANCE SHEET ITEMS

			Audited Current Period 31.12.2021			Audited Prior Period 31.12.2020		
		Note	TL	FC	Total	TL	FC	Total
A.	**COMMITMENTS AND CONTINGENCIES (I+II+III)**		**70,491,068**	**83,837,236**	**154,328,304**	**86,652,466**	**78,342,083**	**164,994,549**
I.	**GUARANTEES AND WARRANTIES**	**(5.3.1.)**	**8,925,813**	**8,467,832**	**17,393,645**	**7,470,036**	**4,393,458**	**11,863,494**
1.1.	Letters of Guarantee		8,069,532	3,777,053	11,846,585	6,997,497	2,593,297	9,590,794
1.1.1.	Guarantees Subject to State Tender Law		267,372	19,827	287,199	210,252	41,900	252,152
1.1.2.	Guarantees Given For Foreign Trade Operations		445,301	49,329	494,630	408,225	60,079	468,304
1.1.3.	Other Letters of Guarantee		7,356,859	3,707,897	11,064,756	6,379,020	2,491,318	8,870,338
1.2.	Bank Loans		1,044	112,639	113,683	5,503	35,493	40,996
1.2.1.	Import Letter of Acceptances		1,044	112,639	113,683	5,503	35,493	40,996
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		13,942	4,507,178	4,521,120	14,424	1,670,598	1,685,022
1.3.1.	Documentary Letters of Credit		-	1,979,005	1,979,005	-	756,822	756,822
1.3.2.	Other Letters of Credit		13,942	2,528,173	2,542,115	14,424	913,776	928,200
1.4.	Guaranteed Refinancing		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Other Guarantees		841,295	70,962	912,257	452,612	94,070	546,682
1.7.	Other Warrantees		-	-	-	-	-	-
II.	**COMMITMENTS**	**(5.3.1.)**	**58,403,340**	**4,958,958**	**63,362,298**	**54,000,945**	**2,301,565**	**56,302,510**
2.1.	Irrevocable Commitments		9,395,400	4,958,958	14,354,358	6,228,351	2,301,565	8,529,916
2.1.1.	Forward Asset Purchase and Sales Commitments		1,340,797	4,958,958	6,299,755	776,146	2,301,565	3,077,711
2.1.2.	Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3.	Loan Granting Commitments		1,007,332	-	1,007,332	555,059	-	555,059
2.1.4.	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5.	Commitments For Reserve Deposits Requirements		-	-	-	-	-	-
2.1.6.	Payment Commitments For Checks		1,750,116	-	1,750,116	1,372,786	-	1,372,786
2.1.7.	Tax and Fund Liabilities From Export Commitments		-	-	-	-	-	-
2.1.8.	Commitments For Credit Card Expenditure Limits		5,278,441	-	5,278,441	3,503,366	-	3,503,366
2.1.9.	Commitments For Credit Cards and Banking Services Promotions		957	-	957	3,237	-	3,237
2.1.10.	Receivables From Short Sale Commitments		-	-	-	-	-	-
2.1.11.	Payables For Short Sale Commitments		-	-	-	-	-	-
2.1.12.	Other Irrevocable Commitments		17,757	-	17,757	17,757	-	17,757
2.2.	Revocable Commitments		49,007,940	-	49,007,940	47,772,594	-	47,772,594
2.2.1.	Revocable Loan Granting Commitments		49,007,940	-	49,007,940	47,772,594	-	47,772,594
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(5.3.2.)**	**3,161,915**	**70,410,446**	**73,572,361**	**25,181,485**	**71,647,060**	**96,828,545**
3.1	Derivative Financial Instruments Held For Risk Management		-	-	-	-	-	-
3.1.1	Fair Value Hedges		-	-	-	-	-	-
3.1.2	Cash Flow Hedges		-	-	-	-	-	-
3.1.3	Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2	Held For Trading Transactions		3,161,915	70,410,446	73,572,361	25,181,485	71,647,060	96,828,545
3.2.1	Forward Foreign Currency Buy/Sell Transactions		2,116,860	3,507,510	5,624,370	1,083,945	2,130,485	3,214,430
3.2.1.1	Forward Foreign Currency Buy Transactions		1,426,726	1,522,070	2,948,796	785,976	843,754	1,629,730
3.2.1.2	Forward Foreign Currency Sell Transactions		690,134	1,985,440	2,675,574	297,969	1,286,731	1,584,700
3.2.2	Other Forward Buy/Sell Transactions		1,045,055	66,902,936	67,947,991	24,097,540	69,516,575	93,614,115
3.3	Other		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGES SECURITIES (IV+V+VI)**		**667,226,247**	**348,895,558**	**1,016,121,805**	**478,587,067**	**203,218,899**	**681,805,966**
IV.	**ITEMS HELD IN CUSTODY**		**20,834,179**	**34,556,759**	**55,390,938**	**13,171,821**	**20,387,564**	**33,559,385**
4.1.	Customers' Securities Held		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		5,719,656	4,866,680	10,586,336	3,145,487	7,054,819	10,200,306
4.3.	Checks Received for Collection		13,271,444	2,766,870	16,038,314	8,485,888	1,082,506	9,568,394
4.4.	Commercial Notes Received for Collection		1,843,079	545,230	2,388,309	1,540,446	312,851	1,853,297
4.5.	Other Assets Received for Collection		-	-	-	-	-	-
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		-	-	-	-	-	-
4.8.	Custodians		-	26,377,979	26,377,979	-	11,937,388	11,937,388
V.	**PLEDGED ITEMS**		**646,380,429**	**314,183,181**	**960,563,610**	**465,403,607**	**182,743,974**	**648,147,581**
5.1.	Marketable Securities		401,159	-	401,159	149,465	-	149,465
5.2.	Guarantee Notes		101,097	5,361,650	5,462,747	101,128	2,996,008	3,097,136
5.3.	Commodity		22,137,974	669,993	22,807,967	14,297,126	913,904	15,211,030
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		165,337,287	6,452,977	171,790,264	147,051,571	3,715,371	150,766,942
5.6.	Other Pledged Items		458,402,912	301,698,561	760,101,473	303,804,317	175,118,691	478,923,008
5.7.	Pledged Items-Depository		-	-	-	-	-	-
VI.	**ACCEPTED GUARANTEES AND WARRANTEES**		**11,639**	**155,618**	**167,257**	**11,639**	**87,361**	**99,000**
	TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		**737,717,315**	**432,732,794**	**1,170,450,109**	**565,239,533**	**281,560,982**	**846,800,515**

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

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

3. STATEMENT OF PROFIT OR LOSS (INCOME STATEMENT)

			Audited Current Period 01.01.2021-31.12.2021	Audited Prior Period 01.01.2020-31.12.2020
	INCOME AND EXPENSE TABLE	**Notes**		
I.	**PROFIT SHARE INCOME**	**(5.4.1.)**	**13,035,305**	**9,327,690**
1.1.	Profit Share on Loans		8,554,643	6,174,377
1.2.	Profit Share on Reserve Deposits		230,553	37,473
1.3.	Profit Share on Banks		99,840	122,188
1.4.	Profit Share on Money Market Placements		-	-
1.5.	Profit Share on Marketable Securities Portfolio		3,482,477	2,602,952
1.5.1.	Fair Value Through Profit or Loss		270,993	313,832
1.5.2.	Fair Value Through Other Comprehensive Income		3,084,384	2,118,146
1.5.3.	Measured at Amortised Cost		127,100	170,974
1.6.	Finance Lease Income		602,626	342,754
1.7.	Other Profit Share Income		65,166	47,946
II.	**PROFIT SHARE EXPENSE (-)**		**5,404,863**	**3,118,614**
2.1.	Expense on Profit Sharing Accounts	(5.4.4.)	3,355,475	1,923,295
2.2.	Profit Share Expense on Funds Borrowed	(5.4.2.)	1,461,601	781,567
2.3.	Profit Share Expense on Money Market Borrowings		535,134	354,479
2.4.	Expense on Securities Issued		-	-
2.5.	Profit Share Expense on Lease		52,653	59,273
2.6.	Other Profit Share Expense		-	-
III.	**NET PROFIT SHARE INCOME (I - II)**		**7,630,442**	**6,209,076**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSE**		**577,758**	**350,721**
4.1.	Fees And Commissions Received		1,118,513	784,516
4.1.1.	Non-Cash Loans		141,317	136,800
4.1.2.	Other	(5.4.13.)	977,196	647,716
4.2.	Fees And Commissions Paid (-)		540,755	433,795
4.2.1.	Non-Cash Loans		19	29
4.2.2.	Other	(5.4.13.)	540,736	433,766
V.	**DIVIDEND INCOME**	**(5.4.3.)**	**6,042**	**68**
VI.	**NET TRADING INCOME / LOSS**	**(5.4.5.)**	**2,160,959**	**571,361**
6.1.	Capital Market Transaction Gains/Losses		58,589	45,028
6.2.	Gains/Losses From Derivative Financial Instruments		1,958,535	(2,213,019)
6.3.	Foreign Exchange Gains/Losses		143,835	2,739,352
VII.	**OTHER OPERATING INCOME**	**(5.4.6.)**	**925,269**	**648,066**
VIII.	**GROSS OPERATING PROFIT (III+IV+V+VI+VII+ VIII)**		**11,300,470**	**7,779,292**
IX.	**EXPECTED LOSS PROVISIONS (-)**	**(5.4.7.)**	**4,566,363**	**3,237,473**
X.	**OTHER PROVISIONS (-)**	**(5.4.7.)**	**162,026**	**309,703**
XI.	**PERSONNEL EXPENSES (-)**	**(5.4.8.)**	**1,505,724**	**1,202,037**
XII.	**OTHER OPERATING EXPENSES (-)**	**(5.4.8.)**	**1,518,991**	**1,177,396**
XIII.	**NET OPERATING INCOME/(LOSS) (IX-X-XI)**		**3,547,366**	**1,852,683**
XIV.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**		**-**	**-**
XV.	**INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD**		**-**	**-**
XVI.	**INCOME / (LOSS) ON NET MONETARY POSITION**		**-**	**-**
XVII.	**PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XII+...+XV)**	**(5.4.9.)**	**3,547,366**	**1,852,683**
XVIII.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	**(5.4.10)**	**(1,045,639)**	**(452,402)**
18.1.	Current Tax Provision		2,000,422	781,806
18.2.	Deferred Tax Income Effect (+)		20,366	134,484
18.3.	Deferred Tax Expense Effect (-)		975,149	463,888
XIX.	**CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)**	**(5.4.11.)**	**2,501,727**	**1,400,281**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**
20.1.	Income on Non-Current Assets Held For Sale		-	-
20.2.	Income on Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
20.3.	Income on Other Discontinued Operations		-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**
21.1.	Expenses From Non-Current Assets Held For Sale		-	-
21.2.	Expenses From Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
21.3.	Expenses From Other Discontinued Operations		-	-
XXII.	**PROFIT / (LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)**		**-**	**-**
XXIII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		**-**	**-**
23.1.	Current Tax Provision		-	-
23.2.	Deferred Tax Expense Effect (+)		-	-
23.3.	Deferred Tax Income Effect (-)		-	-
XXIV.	**CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)**		**-**	**-**
XXV.	**NET PROFIT/LOSS (XVII+XXII)**	**(5.4.12.)**	**2,501,727**	**1,400,281**
25.1.	Group's Income/Loss		2,501,727	1,400,281
25.2.	Minority Interest Income/Loss (-)		-	-
	Earnings Per Share Income/Loss		-	-

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

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

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Audited Current Period 31.12.2021	Audited Prior Period 31.12.2020
I.	**CURRENT PROFIT (LOSS)**	**2,501,727**	**1,400,281**
II.	**OTHER COMPREHENSIVE INCOME**	**(29,402)**	**(217,757)**
2.1	**Other Comprehensive Income Not Reclassified Through Profit Or Loss**	**(854)**	**(32,176)**
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	(1,068)	(40,220)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit Or Loss	-	-
2.1.5	Taxes Related to Other Comprehensive Income Items Not Reclassified Through Profit or Loss	214	8,044
2.2	**Other Comprehensive Income Reclassified Through Profit Or Loss**	**(28,548)**	**(185,581)**
2.2.1	Foreign Currency Translation Difference	-	-
2.2.2	Valuation And/Or Reclassification Income/Expense of the Financial Assets At Fair Value Through Other Comprehensive Income	(38,790)	(249,886)
2.2.3	Cash Flow Hedge Income/Loss	-	11,514
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Taxes Related Other Comprehensive Income Items Reclassified Through Profit Or Loss	10,242	52,791
III.	**TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)**	**2,472,325**	**1,182,524**

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

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

5. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

							Accumulated Other Income or Loss That Will Not Be Reclassified to Profit or Loss			Accumulated Other Income or Loss That Will Be Reclassified to Profit or Loss								
		Note	Paid-in Capital	Share Premiums	Share cancellation profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Net Profit/Loss for the Period	Total Shareholders'Equity Less Minority Shares	Minority Shares	Total Shareholders' Equity
	Prior Period (01/01/2020 – 31/12/2020)																	
I.	**Prior Period Ending Balance**		**3,995,766**	**23,250**	**1,239**	**-**	**-**	**(19,082)**	**-**	**-**	**214,695**	**(8,981)**	**1,469,025**	**35,540**	**1,109,838**	**6,821,290**	**-**	**6,821,290**
II.	**Corrections and Accounting Policy Changes Made According to TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(16,092)**	**-**	**-**	**16,092**	**-**	**-**	**-**	**-**
2.1	Effect Of Corrections		-	-	-	-	-	-	-	-	(16,092)	-	-	16,092	-	-	-	-
2.2	Effect Of Changes In Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Beginning Balance (I+II)**		**3,995,766**	**23,250**	**1,239**	**-**	**-**	**(19,082)**	**-**	**-**	**198,603**	**(8,981)**	**1,469,025**	**51,632**	**1,109,838**	**6,821,290**	**-**	**6,821,290**
IV.	**Total Comprehensive Income (Loss)**		-	-	-	-	-	(32,176)	-	-	(195,378)	8,981	-	816	1,400,281	1,182,524	-	1,182,524
V.	**Capital Increase by Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase by Internal Reserves**		600,000	-	-	-	-	-	-	-	-	-	(600,000)	-	-	-	-	-
VII.	**Paid in Capital Inflation Adjustment Difference**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds to Share**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Debt Instruments**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increase / Decrease by Other Changes**		(635)	-	635	-	-	-	-	-	-	-	(1,437)	-	-	(1,437)	-	(1,437)
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	1,102,558	-	(1,109,838)	(7,280)	-	(7,280)
11.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	(7,280)	(7,280)	-	(7,280)
11.2	Transfers To Legal Reserves		-	-	-	-	-	-	-	-	-	-	1,102,558	-	(1,102,558)	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (III+IV+.....+X+XI)	**(5.2.11.)**	**4,595,131**	**23,250**	**1,874**	**-**	**-**	**(51,258)**	**-**	**-**	**3,225**	**-**	**1,970,146**	**52,448**	**1,400,281**	**7,995,097**	**-**	**7,995,097**
	Current Period (01/01/2021 – 31/12/2021)																	
I.	**Prior Period Ending Balance**		**4,595,131**	**23,250**	**1,874**	**-**	**-**	**(51,258)**	**-**	**-**	**3,225**	**-**	**1,970,146**	**52,448**	**1,400,281**	**7,995,097**	**-**	**7,995,097**
II.	**Corrections and Accounting Policy Changes Made According to TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effect Of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect Of Changes In Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Beginning Balance (I+II)**		**4,595,131**	**23,250**	**1,874**	**-**	**-**	**(51,258)**	**-**	**-**	**3,225**	**-**	**1,970,146**	**52,448**	**1,400,281**	**7,995,097**	**-**	**7,995,097**
IV.	**Total Comprehensive Income (Loss)**		-	-	-	-	-	(854)	-	-	(28,548)	-	-	-	2,501,727	2,472,325	-	2,472,325
V.	**Capital Increase by Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase by Internal Reserves**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Paid in Capital Inflation Adjustment Difference**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds to Share**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Debt Instruments**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increase / Decrease by Other Changes**		-	-	-	-	-	-	-	-	-	-	(1,437)	-	-	(1,437)	-	(1,437)
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	1,391,149	-	(1,400,281)	(9,132)	-	(9,132)
11.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	(9,132)	-	-	(9,132)	-	(9,132)
11.2	Transfers To Legal Reserves		-	-	-	-	-	-	-	-	-	-	1,400,281	(1,400,281)	-	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	1,400,281	(1,400,281)	-	-	-
	Balances at end of the period (III+IV+.....+X+XI)	**(5.2.11.)**	**4,595,131**	**23,250**	**1,874**	**-**	**-**	**(52,112)**	**-**	**-**	**(25,323)**	**-**	**3,359,858**	**52,448**	**2,501,727**	**10,456,853**	**-**	**10,456,853**

1.Accumulated Revaluation Increase / Decrease of Fixed Assets
2.Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan
3.Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)
4.Foreign Currency Translition Differences
5.Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income
6.Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ UNCONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2021

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

6. STATEMENT OF CASH FLOWS

		Note	Audited Current Period 01.01.2021-31.12.2021	Audited Prior Period 01.01.2020-31.12.2020
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes in Assets And Liabilities From Banking Operations**		**4,804,045**	**4,315,336**
1.1.1	Profit Share Income Received		10,259,659	8,328,926
1.1.2	Profit Share Expense Paid		(5,345,578)	(2,987,106)
1.1.3	Dividends Received		6,042	68
1.1.4	Fees And Commissions Received		1,118,513	839,827
1.1.5	Other Income		2,206,423	1,404,047
1.1.6	Collections From Previously Written Off Loans		759,758	351,422
1.1.7	Payments to Personnel And Service Suppliers		(1,350,866)	(1,317,534)
1.1.8	Taxes Paid		(989,447)	(865,421)
1.1.9	Others		(1,860,459)	(1,438,893)
1.2	**Changes in Assets And Liabilities From Banking Operations**		**(1,562,445)**	**(7,116,167)**
1.2.1	Net (Increase) Decrease Held For Trading Financial Assets		152,885	(3,240,768)
1.2.2	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(17,798,934)	(11,487,983)
1.2.3	Net (Increase) Decrease in Due From Banks And Other Financial Institutions		(21,219,300)	(20,068,746)
1.2.4	Net (Increase) Decrease in Loans		5,641,096	(8,803,862)
1.2.5	Net (Increase) Decrease in Other Assets		189,507	169,751
1.2.6	Net Increase (Decrease) in Bank Deposits		26,134,423	28,933,181
1.2.7	Net Increase (Decrease) in Other Deposits		-	-
1.2.8	Net Increase (Decrease) in Funds Borrowed		(8,029,521)	4,952,671
1.2.9	Net Increase (Decrease) in Due Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities		13,367,399	2,429,589
I.	**Net Cash Provided From / (Used in) Banking Operations**		**3,241,600**	**(2,800,831)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net Cash Provided From / (Used in) Investing Activities**		**(6,358,268)**	**(9,852,467)**
2.1	Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries		-	(745,860)
2.2	Cash Obtained From Sale of Jointly Controlled Operations, Associates And Subsidiaries		-	-
2.3	Fixed Assets Purchases		(295,422)	(127,693)
2.4	Fixed Assets Sales		532,754	194,500
2.5	Cash Paid For Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(14,528,109)	(13,090,115)
2.6	Cash Obtained From Sale of Financial Assets at Fair Value Through Other Comprehensive Income		4,910,435	6,067,423
2.7	Cash Paid For Purchase of Investment Securities		(548,922)	(1,947,247)
2.8	Cash Obtained From Sale of Investment Securities		3,639,868	-
2.9	Other		(68,872)	(203,475)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided From / (Used in) Financing Activities**		**452,169**	**322,094**
3.1	Cash Obtained From Funds Borrowed And Securities Issued		-	-
3.2	Cash Used For Repayment of Funds Borrowed And Securities Issued		-	-
3.3	Capital Increase		513,954	388,646
3.4	Dividends Paid		(9,132)	(7,280)
3.5	Payments For Finance Leases (*)		(52,653)	(59,272)
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash And Cash Equivalents**	**(5.5.4)**	**27,336,234**	**5,409,401**
V.	**Net Increase (Decrease) in Cash And Cash Equivalents**		**24,671,735**	**(6,921,803)**
VI.	**Cash And Cash Equivalents at The Beginning of The Period**	**(5.5.1)**	**11,971,283**	**18,893,086**
VII.	**Cash And Cash Equivalents at The End of The Period**	**(5.5.1)**	**36,643,018**	**11,971,283**

(*) Within the scope of TFRS 16- Leases Standard, comprise the payments related to leases that included in the financial statements

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ UNCONSOLIDATED PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2021

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

7. PROFIT DISTRIBUTION TABLE

		Current Period 01.01.2021 – 31.12.2021 (*)	Prior Period 01.01.2020- 31.12.2020 (*)
I.	**DISTRIBUTION OF CURRENT PERIOD PROFIT**		
1.1	CURRENT PERIOD PROFIT	3,547,366	1,852,683
1.2	TAXES AND DUES PAYABLE (-)	1,045,639	452,402
1.2.1	Corporate Tax (Income Tax)	2,000,422	781,806
1.2.2	Income Tax Withholding	-	-
1.2.3	Other Taxes and Dues Payable	(954,783)	(329,404)
A.	**NET PROFIT FOR THE PERIOD (1.1-1.2)**	**2,501,727**	**1,400,281**
1.3	PRIOR YEAR'S LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	70,014
1.5	OTHER RESERVES (-)	-	-
B.	**DISTRIBUTABLE NET PERIOD PROFIT [(A-(1.3+1.4+1.5)]**	**2,501,727**	**1,330,267**
1.6	First Dividend to Shareholders (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Preferred Stocks	-	-
1.6.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Owners of the profit and loss Sharing Certificates	-	-
1.7	DIVIDEND TO PERSONNEL (-)	-	-
1.8	DIVIDEND TO BOARD OF DIRECTORS (-)	-	9,132
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Preferred Stocks	-	-
1.9.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Owners of the profit/loss Sharing Certificates	-	-
1.10	STATUTORY RESERVES (-)	-	1,319,715
1.11	EXTRAORDINARY RESERVES	-	507
1.12	OTHER RESERVES	-	-
1.13	SPECIAL FUNDS	-	-
II.	**DISTRIBUTION FROM RESERVES**	**-**	**-**
2.1	DISTRIBUTED RESERVES	-	-
2.2	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.2.1	The Owners of Ordinary Shares	-	-
2.2.2	The Owners of Preferred Stocks	-	-
2.2.3	The Owners of Preferred Stocks (Preemptive Rights)	-	-
2.2.4	The Profit Sharing Bonds	-	-
2.2.5	The Owners of the profit/loss Sharing Certificates	-	-
2.3	Share to Personnel (-)	-	-
2.4	Share to Board of Directors (-)	-	-
III.	**EARNINGS PER SHARE**	**-**	**-**
3.1	TO OWNERS OF STOCKS	-	-
3.2	TO OWNERS OF STOCKS (%)	-	-
3.3	TO OWNERS OF PREFERRED STOCKS	-	-
3.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-
IV.	**DIVIDEND PER SHARE**	**-**	**-**
4.1	TO OWNERS OF STOCKS	-	-
4.2	TO OWNERS OF STOCKS (%)	-	-
4.3	TO OWNERS OF PREFERRED STOCKS	-	-
4.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-

(*) The profit distribution of the Bank is decided at the General Assembly meeting which is not yet held as of the date of the preparation of these financial statements.
(**) Deferred tax benefit is presented under other tax and legal liabilities. Deferred tax benefit can not be included in the distributable profit, thus it is classified under extraordinary reserves.

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

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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES IN THE RELATED PERIOD

1. Explanations on Basis of Presentation

1.1. The preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on Accounting Applications for Banks and Safeguarding of Documents

The Bank prepares its financial statements in accordance with the "Regulation on The Procedures And Principles For Accounting Practices And Retention of Documents By Banks" published in the Official Gazette dated 1 November 2006 with numbered 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Agency ("BRSA") as well as the circulars and pronouncements published by the BRSA. For matters not regulated by the aforementioned legislations, the Bank prepares its financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, which comprises the terms of the Turkish Financial Reporting Standards issued by the Public Oversight Accounting and Auditing Standards Authority.

Additional paragraph for convenience translation

The differences between the standards set out by BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

1.2. Accounting policies and valuation principles applied in the preparation of unconsolidated financial statements

The financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss, and the financial assets and liabilities at fair value through other comprehensive income that are measured at fair values.

The preparation of unconsolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the Bank management to make assumptions and estimates with respect to the assets and liabilities on the balance sheet and contingent issues outstanding as of the balance sheet date. These assumptions and estimates mainly consist of calculations of the fair values of financial instruments and the impairment on assets. The assumptions and estimates are reviewed regularly and, when necessary, appropriate corrections are made and the effects of such corrections are reflected on the income statement.

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

Since it is aimed to update the most recent financial information in the year end financial statements prepared as of December 31, 2021, considering the magnitude of the economic changes due to COVID-19, the Bank made certain estimates in the calculation of expected credit losses and disclosed them in third section footnote numbered 1.5 "Explanations on Expected Credit Loss". In the upcoming periods, the Bank will update its revelant assumptions are necessary and revise the realizations of past estimates.

1.3. Changes in accounting estimates, errors and classifications

If changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to future periods, they are applied both prospectively and in the future periods. Significant accounting errors are applied retrospectively and prior period financial statements are restated. There were no significant changes in the accounting estimates of the Bank in the current year. Comparative information is rearranged when deemed necessary in order to comply with the presentation of the current period financial statements. The Bank has rearranged the prior period's statement of changes in shareholders' equity in order to comply with the presentation of the current period financial statements.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, [consolidated] financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

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1.4. Preparation of the financial statements as regards to the current purchasing power of money

Until 31 December 2004, the financial statements of the Bank were subject to inflation adjustments in accordance with Turkish Accounting Standard No: 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29"). As per the BRSA decision numbered 1623 and dated 21 April 2005 and the BRSA circular dated 28 April 2005 it was stated that the indicators for the application of inflation accounting were no longer applicable. Consequently, as of 1 January 2005, the inflation accounting has not been applied.

1.5. Disclosures Regarding TFRS 9 Financial Instruments

TFRS 9 "Financial Instruments", which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29953 dated 19 January 2017. As of 1 January 2018, the application of TFRS 9 replaced "TAS 39: Financial Instruments: Recognition and Measurement." Standard.

TFRS 9 also includes new principles for general hedge accounting which aims to harmonize hedge accounting with risk management applications. In the admission of the accounting policies, TFRS 9 presents the option of postponing the adoption of TFRS 9 hedge accounting and continuing to apply the hedge accounting provisions of TAS 39.

All recognized financial assets that are within the scope of TFRS 9 are required to be initially measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and profit share on the principal amount outstanding, are generally measured at Fair Value Through Other Comprehensive Income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment in other comprehensive income, with only dividend income generally recognized in profit or loss.

Dividends obtained from such investments are accounted in the financial statements as profit or loss unless they are evidently a part of the recoverable cost of investment.

As a result of the combination of contractual cash flow characteristics and business models, the differences in the classification of financial assets are reflected in the financial statements compared to the current classification in TAS 39.

During the first recognition of a financial asset into the financial statements, business model determined by the Parent Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

Classification And Measurement of Financial Instruments

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent "solely payments of principal and profit share" (SPPI).

Upon initial recognition each financial asset shall be classified as either fair value through profit or loss ("FVTPL") amortized cost or fair value through other comprehensive income ("FVTOCI"). As for the classification and measurement of financial liabilities, the application of the existing terms of TAS 39 remain largely unchanged under TFRS 9.

Explanations on Expected Credit Loss

As of 1 January 2018, the Bank will recognize provisions for impairment in accordance with the TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

Modeling studies were carried out on the principal components of the Expected Loan Loss calculation and the default probability (PD) models were developed on various loan portfolios. Credit portfolios are determined according to customer segments that form the basis of banking activities. The cyclical default probabilities generated by these models developed for use in the Internal Rating Based Approach (IDD) are translated into the Instantaneous Default Probabilities and these instantaneous default probabilities are used when calculating the Expected Loan Loss on TFRS 9 Calculation on Default (LGD) calculation reflects the legal deduction rates and the Bank's past collection performance on unsecured loans. Default

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Amount (EAD) corresponds to the balance used in cash at the reporting date for cash loans, non-cash loans and balance after application of the loan to commitment risks.

Macroeconomic scenarios affect PD values. The expected credit loss amount is calculated by weighting 3 different scenarios as Base, Good and Bad scenarios. The probability of default of the debtors and the loss rates in default vary with each scenario.

As of December 31, 2021, the Bank reflected the data obtained with the best estimation method to the estimates and judgements used in the calculation of expected credit losses, with the best estimation method, for the possible effects of the COVID-19 outbreak. In the light of the aforementioned data, the Bank revised its macroeconomic expectations in the calculation of expected credit loss, and the calculation made taking into account the change in PD with the update in the EDF model was reflected in the financial statements. Due to their nature, model updates are reflected in financial statements with a delay due to the macroeconomics effects of events that cause changes and occur at different times. For this reason, the bank establishes additional provisions for the sector or customers that are considered to have a high impact, by making sector-based valuatios when deemed necessary to eliminate the timing difference. The Bank maintains this approach as of December 2021. When deemed necessary, the Bank will review these assumptions according to the course of the pandemic in the future.

Within the scope of Article 4 and 5 of the Regulation On Procedures And Principles For Classification Of Loans And Provisions in accordance with the BRSA Decisions numbered 8948 dated 17 March 2020 and numbered 8970 dated 27 March 2020, due to the disruptions in economic and commercial activities resulting from the Covid-19 outbreak, the 90 days default periods for loans to be classified as non-performing loans shall be applied as 180 days; the 30 days periods for loans to be classified as stage 2 shall be applied as 90 days according to assembly's resolution dated on 17 March 2020. As of September 30, 2021, it has been decided to end the implementation.

With the announcement made on September 16, 2021, it was decided to end the flexibility as of the end of September 30, 2021; however, as of 1 October 2021, the same application as previously stated will be continued by the banks for the 1st stage loans with a delay period of more than 31 days and not exceeding 90 days. As of 1 October 2021, in addition to the 1st stage loans, it has been decided to continue with the same practice for the 2nd stage loans with a delay period exceeding 91 days and not exceeding 180 days.

The forecast of expected credit losses is unbiased, probabilistic-weighted and includes supportable information about past events, current conditions and predictions of future economic conditions.

The Bank applies a 'three-stage' impairment model depending on the gradual increase in credit risk observed since initial recognition

Stage 1: Includes financial assets not having significant increase in their credit risk from initial recognition till the following reporting date or financial assets having low credit risk at the reporting date. It is recognized 12-month expected credit losses for such financial assets.

Stage 2: Includes financial assets having significant increase in their credit risk subsequent to the initial recognition, but not having objective evidence about impairment. It is recognized lifetime expected credit losses for such financial assets.

In this context, The basic considerations that are taken into account in determining the significant increase in the credit risk of a financial asset and its transfer to Phase 2 are, but are not limited to, the following.

- Delayed by more than 30 days as of the reporting date
- Restructuring
- Close Monitoring
- Evaluation of distortion in Rating Note

The definition of the deterioration in the rating is the comparison of the credit rating at the opening date and the rating date at the reporting date by using the Bank's internal rating-based credit rating models. If the rating calculated for the loan at the reporting date exceeds the specified threshold values, the rating is deemed as deterioration.

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Stage 3: Includes financial assets having objective evidence about impairment at the reporting date. It is recognized lifetime expected credit losses for such financial assets.

The Bank periodically evaluates the provisions of loans and other receivables in accordance with TFRS 9 retrospectively on the basis of their results and, if deemed necessary, revises the basketing rules and the parameters used in the calculation of the related provision balances.

However, based on the BRSA's decisions dated March 17, 2020 and numbered 8948 with dated March 27, 2020 and numbered 8970; due to the impediments in the economic and commercial activities which have been occurred as a result of the COVID-19 pandemic, according to the articles 4 and 5 of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions the foreseen 90-day delay period for the non-performing loans classification was made possible to apply as 180 days; until September 30, 2021, the application of the foreseen 30-day period for the classification for Stage 2 as 90 days has been enabled.

With the announcement made on September 16, 2021, it was decided to end the flexibility as of the end of September 30, 2021; however, as of 01.10.2021, the same application as previously stated will be continued by the banks for the 1st stage loans with a delay period of more than 31 days and not exceeding 90 days. As of 01.10.2021, in addition to the 1st stage loans, it has been decided to continue with the same practice for the 2nd stage loans with a delay period exceeding 91 days and not exceeding 180 days.

1.6 Revenue from TFRS 15 Customer Contracts

TFRS 15 Revenue from Customer Contracts provides a single, comprehensive model and guidance on the recognition of revenue and is recorded in accordance with TFRS 15 and is recorded in accordance with income with TFRS 15 Revenue from Customer Contracts

1.7 Explanations on TFRS 16 Leases Standard

The leasing transactions are shown by the tenants as liabilities in assets and leasing transactions as assets (use right). TFRS 16 Standard eliminates the dual accounting model for leasing of financial leasing transactions and the presentation of operating leases directly on the balance sheet.

The bank within the scope of TFRS 16, reflects the existence of a lease obligation and a right of use to the financial statements at the date of initial application. The Bank measures the leasing liability on the present value of the remaining lease payments, discounted at their present value using the alternative borrowing cost ratio at the date of initial application of the Bank. In addition, the Bank measures the existence of the right to use of such right at an amount equal to the lease obligation, which is reflected in the statement of financial position immediately after the first application date, adjusted for the amount of all prepaid or accrued lease payments.

As of 31 December 2021, the Bank has usage assets amounting to TL 551,438 classified under tangible fixed assets and TL 522,188 lease obligations in the balance sheet. In year end that ended as of the same date, a financial expense of TL 52,653 and depreciation expense of TL 113,822 occurred.

On 5 June 2020, Public Oversight Accounting and Auditing Standards Authority (“POA”) has changed to TFRS 16 “Leases” standard by publishing Privileges Granted in Lease Payments -"Amendments to TFRS 16 Leases" concerning Covid-19. With this change, tenants are exempted from whether there has been a change in the rental priviliges in lease payments due to Covid-19. This change did not have a significant impact on the financial status or performance of the Bank

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2. Explanations on Strategy of Using Financial Instruments and Foreign Currency Transactions

The Bank follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Bank's exposure to liquidity risk, currency risk and credit risk while increasing profitability and strengthening the Bank's equity. The assets-liabilities committee (ALCO) manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee.

Gains and losses arising from foreign currency transactions have been recorded in the period in which the transaction took place. Foreign currency denominated monetary assets and liabilities are valued with the period end exchange rates published by the Central Bank of Turkey converting them into Turkish Lira and valuation differences of foreign currencies have been recognized in the income statement under the net foreign exchange income/expense account.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial instruments into Turkish Lira are included in the income statement. There are no foreign currency differences capitalized by the Bank.

3. Investments in Associates and Subsidiaries

Turkish currency denominated associates and subsidiaries are measured at cost value in accordance with the "Consolidated and Separate Financial Statements" ("TAS 27") and then deducted by provisions for impairment losses, if any, reflected to the accompanying unconsolidated financial statements.

4. Explanations on Forward Transactions and Option Contracts And Derivative Instruments

The Bank enters into forward agreements to decrease its currency risk and to manage its foreign currency liquidity. The bank's derivative instruments are classified as 'hedging derivative financial asset' and 'derivative financial assets/liabilities at fair value profit/loss'. The Bank classifies its derivative instruments as "Derivative Financial Instruments Held for Hedging Purposes" and "Derivative Financial Instruments Held for Trading" in accordance with TAS 39. Even though some derivative transactions economically hedge risk, since all necessary conditions for hedge accounting are not met, they are accounted for as "held for trading" within the framework of TAS 39 and are reflected in the "Derivative Financial Assets/liabilities at fair value profit/loss" account in the balance sheet. The Bank has no derivative financial assets/liabilities for hedging purposes as of balance sheet date.

The payables and receivables arising from derivative transactions are recorded in off-balance sheet accounts at their notional amounts.

Fair values of foreign currency forward transactions and swaps are calculated by using the discounted cash flow model. Differences resulting from the changes in the fair values of derivatives held for trading are accounted under 'Trading Income/Loss' line in the income statement.

Embedded derivatives are separated from the host contract if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. Embedded derivatives are accounted as derivative instruments in-line with TAS 39. If the embedded derivatives are closely related with the host contract, embedded derivatives are accounted for in-line with the relevant standard applicable for the host contract.

The Bank's cash flow hedging process has ended as of December 2021.

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

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5. Explanations on Profit Share Income and Expense

Profit share income is recognized in the income statement on an accrual basis by using the method of internal rate of return and is accounted under profit share income account in the financial statements. While applying the internal rate of return method, the Bank amortizes the fees included in the account of the effective profit rate over the expected life of the financial instrument. If the financial asset is impaired and classified as a non-performing loan, profit accruals and rediscount calculations for these customers are continued within the scope of TFRS 9 Financial Instruments Standard.

The Bank calculates expense accrual in accordance with the unit value calculation method on profit/loss sharing accounts and reflects these amounts in "Funds Collected" account on the balance sheet.

6. Explanations on fees and commission income and expenses

Other than fees and commission income and expenses received from certain banking transactions that are recorded as income or expense in the period they are collected, fees and commission income and expenses are recognized in the income statement depending on the duration of the transaction. Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers.

Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period.

In accordance with the provisions of TAS, commission and fees collected in advance for loans granted are deferred and reflected to the income statement by using the internal rate of return method. Unearned portion of the commission and fees relating to the future periods are recorded to the "Unearned Revenues" account under "Other Liabilities" on the balance sheet.

7. Explanations on financial assets

The Bank classifies and accounts for its financial assets as 'Fair Value Through Profit/Loss', 'Fair Value Through Other Comprehensive Income,' or 'Amortized Cost.' Such financial assets are recognized and derecognized as per the terms of "Recognition and Derecognition in Financial Statements" under the section three of the "TFRS 9 Financial Instruments" regarding the classification and measurements of financial instruments, published in the Official Gazette numbered 29953 and dated 19 January 2017 by Public Oversight, Accounting and Auditing Standards Authority ("POA"). When financial assets are included in the financial statements for the first time, they are measured at fair value. Transaction costs are initially added to fair value or deducted from fair value at the initial measurement of financial assets other than the "Fair Value at Fair Value Through Profit or Loss".

The Bank recognizes a financial asset in the financial statements only when it becomes a party to the contractual terms of a financial instrument. During the initial recognition of a financial asset, the business model determined by Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Bank management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments is made to gains, losses or profit shares that were previously recorded in the financial statements.

7.1 Financial assets at fair value through profit or loss

Financial assets at fair value through profit/loss are financial assets that are managed within a business model other than the business model whose objective is achieved by holding contractual cashflows for collection and the business model whose objective is achieved by collecting and selling contractual cash flows. Also, in case that the contractual terms of financial assets do not give rise on specified dates to cash flows that are solely payments of principal and profit share on the principal amount, such assets are those that are, obtained with the aim of providing profit from the short-term price or other factor fluctuations in the market or are part of a portfolio aiming to obtain short-term profit, regardless of the reason of acquisition.

7.2 Financial assets at fair value through other comprehensive income

A financial asset is classified as at fair value through other comprehensive income when the asset is managed within a business model whose objective is achieved by collecting contractual cash flows and selling the financial asset, as well as when the contractual terms of the financial asset give rise on specified dates to cash flows are solely payments of principal and profit share on the principal amount.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition costs that reflect the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with effective profit share method regarding the financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. “Unrealized gains and losses,” which is the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income, are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, or the impairment of the asset. “Unrealized gains and losses” are accounted under the “Accumulated other comprehensive income or expense to be reclassified through profit or loss” under shareholders’ equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, are carried at fair value, in the case that the securities have a quoted market price in an active market and/or the fair values of the securities can be reliably measured. In contrary case, the securities are carried at cost, less provision for impairment.

During initial recognition an entity can make an irrevocable election regarding the presentation of the subsequent changes in the fair value of the investment in an equity instrument, that is not held for trading purposes, in the other comprehensive income. In the case that the entity elects to present the changes as described, dividends arising from the investment is accounted in the financial statements as profit or loss.

7.3 Financial assets measured at amortized cost

In the case that a financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and that the contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and profit share on the principal amount, the financial asset is classified as financial asset measured at amortized cost.

Financial Assets Measured at Amortized Cost; are financial assets, other than loans and receivables, which are held for the purpose of custody until maturity, with conditions necessary for such assets to be held until contractual maturity met, including funding ability; and which have fixed or determinable payments and fixed maturities. Financial assets measured at amortized cost are initially recognized at cost and subsequently measured at amortized cost using the internal rate of return method. Profit share income related to Financial Assets measured at amortized cost is reflected in the income statement.

7.4 Derivative financial assets

The major derivative instruments utilized by the Bank are foreign currency swaps, cross currency swaps and currency forwards.

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, the fair value amounts are classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss." The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

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7.5 Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Profit Share Rate (internal rate of return) Method".

8. Explanations on offsetting of financial assets and liabilities

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

9. Explanations on sale and repurchase agreements and lending of securities

Central Bank of the Republic of Turkey (“CBRT”) made some changes on orders for open market transactions (“OMT”) and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement; a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity In this context, OMT were carried out with the CBRT for the first time on 14 June 2013, by subjecting the Treasury Lease Certificates, which were include in assets, to the repurchase transactions. From this date, the Bank performs sale transactions of treasury lease certificates that are recognized in the assets of the balance sheet in return for conditional repurchasing by tendering to purchase auctions held by CBRT with various maturities; and thusly raises funds.

As of 31 December 2021, the Bank have a sales transaction worth 6,495,137 TL with the promise of repurchase. (31 December 2020 –TL – 185,225).

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10. Explanations on assets held for sale and discontinued operations and related liabilities

As mandated by the Banking Act 5411 Article 57 "banks cannot participate in commercial real-estate and commodity trade with the exception of real-estate and commodity based agreements within the scope of Capital Markets Act No. 2499, and precious metal trade as seen appropriate by the board, and cannot participate in partnerships with firms whose main business activity is commercial real-estate, with the exception of real-estate investment partnerships and companies that finance mortgaged residential estates. The rules and procedures regarding the sales of real-estate and commodities that were acquired due to receivables and debtors' obligations to the bank are determined by the board."

Assets that meet the criteria for classification as assets held for sale are measured at the lower of the carrying amount of assets and fair value less any costs to be incurred for disposal. Assets held for sale are not amortized and presented in the financial statements separately. In order to classify an asset as held for sale, the sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan by the management regarding the sale of the asset (or the disposal group) together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset (or the disposal group) should be actively in the market at a price consistent with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan. Various events and conditions may extend the completion period of the disposal over one year. If such delay arises from any events and conditions beyond the control of the entity and there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or disposal group) can remain to be classified as assets (or disposal group) held for sale. Extension of the period necessary to complete the sale, does not avoid the classification of the related asset (or disposal group) to be classified as asset held for sale.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale. Discontinued operations are presented separately in the income statement. The Bank has no discontinued operations.

11. Explanations on goodwill and other intangible assets

Intangible assets are stated at cost adjusted for inflation until 31 December 2004, less provision for impairment, if any, and accumulated amortization and amortized with straight-line method.

The other intangible assets of the Bank comprise mainly computer software. The useful lives of such assets acquired prior to 2004 have been determined as 5 years and for the year 2004 and forthcoming years, as 3 years. The amortization period of the licenses is determined on the basis of the duration of the license agreements.

12. Explanations on tangible assets

Fixed assets are stated at cost adjusted for inflation until 31 December 2004, less accumulated depreciation and provision for impairment, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual rates used for amortization are as follows:

Property	2%
Movables, leased assets	6.67% - 20%

Depreciation is calculated on a pro-rata basis for the assets that have been placed in use for less than one year as of the balance sheet date. Leasehold improvements are depreciated over the term of the lease agreements by straight-line method.

If the recoverable amount (the higher of value in use and fair value) of a tangible asset is less than its carrying value, impairment loss is provided and the carrying value is written down to its recoverable amount.

Gains or losses resulting from disposals of the fixed assets are recorded in the income statement as the difference between the net proceeds and net book value of the asset.

Expenses for repair costs are capitalized if the expenditure increases economic life of the asset; other repair costs are expensed as incurred.

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The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product, or to decrease the costs.

Property held for long-term rental yields and/or capital appreciation is classified as investment property. Investment properties are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the properties.

13. Explanations on leasing transactions

For contracts concluded prior to 1 January 2019, the Bank assesses whether the contract has a lease qualification or include a lease transaction.

(a) The right to obtain almost all of the economic benefits from the use of the leased asset and,
(b) Whether the leased asset which has the right to manage its use is evaluated

As of 1 January 2019, that is the first application date of TFRS 16, the bank started to apply TFRS 16- Leases standard. At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments are discounted by using the Bank's alternative borrowing dividend. The Bank has recognized the right to lease assets equal to the lease obligation by restating the previously paid or accrued lease payments.

The right of the use asset

The Bank reflects the existence of a right of use and a lease obligation to the financial statements at the date the lease is commenced.

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

(a) The first measurement amount of the lease obligation,
(b) The amount obtained by deducting all rental incentives received from all lease payments made at or before the date of the rental.

When the Bank applying cost method, the existence of the right of use:
(a) Accumulated depreciation and accumulated impairment losses are deducted and
(b) Measures the restatement of the lease obligation over the adjusted cost.
The Bank applies depreciation provisions in TAS 16 Property, Plant and Equipment standard while depreciating in the right of use.

The Bank determines whether the right of use has been impaired and recognizes any identified impairment losses in accordance with TAS 36 – Impairment of Assets.

Lease obligation

At the effective date of the lease, the Bank measures the leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's alternative borrowing profit-share rate.

The dividend rate on the lease liability for each period of the lease term is the amount found by applying a fixed periodic dividend rate to the remaining balance of the lease liability. Periodic profit-share rate is the Bank's borrowing dividend rate.

After the beginning of a contract, the Bank remeasures its lease liability to reflect changes in lease payments. The Bank reflects the restatement amount of the lease obligation to the financial statements as revised in the presence of the right of use.

The Bank measures the lease obligation by discounting the revised lease payments on a revised discount rate when any of the following conditions occur:

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A change in the rental period. The Bank determines revised rent payments based on revised lease term. The Bank determines the revised discount rate for the remaining portion of the lease term as the alternative borrowing interest rate at the date of Bank's revaluation.

14. Explanations on provisions and contingent liabilities

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

Provisions are recognized when the Bank has a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

As per the "Matching Principle," a provision is provided for the liabilities arising as a result of past events in the period they arise, if it is probable that the liability will be settled and a reliable estimate for the liability amount can be made.

When a reliable estimate of the amount of the obligation cannot be made or it is not probable that an outflow of resources will be required to settle the obligation, the obligation is considered as a "Contingent" liability and is disclosed in the related notes to the financial statements.

15. Explanations on liabilities relating to employee benefits

15.1 Defined benefit plans

In accordance with existing social legislation, the Bank is required to make severance pay to each employee who has completed over one year of service with the Bank and who retires or quits the employment to receive old age or disability benefits, to fulfill the compulsory military service, because of the marriage (for females) or because of the other compulsive reasons as defined in the laws and whose employment is terminated due to reasons other than resignation or misconduct.

Liabilities amount which is related to "Turkish Accounting Standard on Employee Benefits" ("TAS 19") is reflected accompanying financial statements and these liabilities are calculated by an independent actuary firm.
Bank is accounted all actuarial profit and loss under Statement of other Comprehensive Income.

The Bank's employees are not members of any pension fund, foundations, union or other similar entities.

15.2 Defined contribution plans

The Bank pays defined contribution plans to publicly administered Social Security Funds for its employees as mandated by the Social Security Association. The Bank has no further payment obligations other than this contribution share. The contributions are recognized as employee benefit expense when they are due.

15.3 Short term benefits to employees

In accordance with "TAS 19", vacation pay liabilities are defined as "Short Term Benefits to Employees" and accrued as earned.

Bank management calculates bonus accrual if it foresees that the budgeted year-end figures approved by the Board of Directors are attainable.

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16. Explanations on Taxation

Current Tax

As per the terms of the provisional article 11 added to the Law No. 5520 by the Article 13 of the Law No. 7316, it was established that the rate of 20%, as disclosed in the first paragraph of the Article 32 of the Corporate Tax Law No. 5520, shall be applied as 25% over the corporation income for the tax period of the years 2021, 23% for the taxation period of 2022. (and for entities that are appointed with special accounting period, for the accounting periods beginning within the relevant year).

In this context, corporate tax will be collected at the rate of 25% for the 2021 period and 23% for the year 2022 for corporate taxpayers. In addition, in the said periods, temporary tax will be paid by the corporate taxpayers at the rate of 25% for 2021 and 23% for 2022, according to the principles specified in the Income Tax Law, to be deducted from the corporate tax of the aforementioned tax periods.

This rate is applied on taxable income which is calculated by adjusting the income before tax for certain disallowable expenses, tax exempt income and other allowances. No further tax is applicable unless the profit is distributed. In accordance with the tax legislation, the temporary tax rate for 2021 will be paid at the rate of 25% for the year 2021 and 23% for the year 2022 over the tax bases formed quarterly, and the temporary taxes paid within the year are deducted from the corporate tax calculated over the annual corporate tax return of that year.

Withholding taxes is not applied to dividends distributed to companies resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey. With the Council of Minister's decision numbered 2009/14593 and 2009/14594 which are published in official gazette numbered 27130 and dated 3 February 2009, some deduction rates in 15th and 30th articles of the corporate tax law numbered 5520 were re-determined. In accordance with this, dividends distributed to companies other than companies resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey are subject to 10% withholding taxes. Double tax treaty agreements are also taken into consideration during the application of withholding taxes on dividends distributed to real persons and to foreign-based taxpayers. Addition of profit to share capital is not considered as dividend distributed therefore no withholding taxes is applied.

With the aforementioned amendment to the law, entities calculate advance tax using a rate of 22% over the quarterly financial income, for the years 2018-2019-2020 and advance tax returns are filed by the fourteenth day of the second month following the related period and taxes are paid by the seventeenth day. Advance taxes are paid within the year belong to that year, and the paid advance taxes are offset from the corporate tax liability calculated over the corporate tax returns in the subsequent year. Any remaining amount of paid advance taxes after the offset can be paid back in cash or it can be deducted from financial loans to the government.

For the purpose of issuance of certificate of leasing immovables to resource institutions, with the sale of asset leasing companies, the scope of Financial Leasing, Factoring and Financing Companies Law No.6361, dated 21 November 2012 in order to lease it back and in case of taking back at the end of the contract, with the sale of financial leasing companies and asset leasing by asset leasing companies, for profit from the sale of the immovable property inherited from the institution applies this rate as 100% and for the immovable is not compulsory to be in assets at least for a period of two years. But the mentioned immovable's; except in case of failure to fulfill the obligations arising from the source institution, the lesser or leasing agreement, immovable in question by the asset leasing company, in case of selling a third person or institutions, these immovable's with the carrying value before its transfer to resource institution or asset leasing in lesser or asset leasing company, in mentioned institutions taking into consideration the total amount of depreciation is taxable for corporation engaged in the sale.

Corporate tax returns are filed by the thirtieth day of the fourth month following the balance sheet date and taxes is paid in one installment by the end of that month.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. However, losses cannot be carried back to offset profits from previous periods. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, there is no procedure for a final and definite agreement on tax assessments.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

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Deferred Tax

For taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, as per the provisions of "Turkish Accounting Standard on Income Taxes" ("TAS 12"), the Bank calculates deferred tax liability over all taxable temporary differences and deferred tax asset over taxable temporary differences, apart from the provisions for Expected Credit Losses for 12-Months (Stage 1) and for Lifetime Credit Losses (Stage 2) with significant increase in the credit risk after initial recognition, to the extent that is probable that taxable profit will be available in subsequent periods. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis. The tax effect regarding the items directly accounted in equity are also reflected in equity. Updated tax rates in the upcoming periods will be taken into account in the calculation of deferred tax assets and liabilities.

17. Explanations on additional disclosures on borrowings

Borrowings other than funds collected are measured at amortized cost using the internal rate of return method after the initial recognition. The Bank does not apply hedging techniques on related borrowings.

The Bank has not issued convertible bonds.

18. Explanations on share certificates issued

There is no significant amount of transaction costs on Bank about share certificates.

19. Explanations on acceptances and availed drafts

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

20. Explanations on government grants

There are no government grants received by the Bank.

21. Explanations on segment reporting

The Bank conducts its activities in three separate segments: Retail Banking, Corporate and Commercial Banking, Treasury and International Banking. Each department serves with its own products and the results of the activities are monitored on the basis of these departments.

Segment reporting is disclosed in Section Four, Note 14.

22. Explanations on other matters

The Bank has no disclosures on other matters.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

1. Explanations on Equity Items

Total capital and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of 31 December 2021 Bank's total capital has been calculated as TL 19,096,524 (31 December 2020: TL 12,713,746), capital adequacy ratio is 23.05% (31 December 2020: 21.26%).

Fluctuations are experienced in the financial markets mainly as a result of the COVID-19 outbreak, in the press statement made by the BRSA on March 23, 2020. Therefore, in accordance with the BRSA's Decision No. 9795 dated 16 September 2021; In the calculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy; To be able to use the simple arithmetic average of the Central Bank foreign exchange buying rates of the last 252 business days before the calculation date, when calculating the amounts valued in accordance with the Turkish Accounting Standards and the relevant special provision amounts for monetary assets and non-monetary assets other than items in foreign currency measured in terms of historical cost, to continue the application until a Board Decision is taken to the contrary,

In addition, in accordance with the BRSA's decision dated April 16, 2020 and numbered 8999; Within the scope of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, it is enabled to apply 0% risk weight in the calculation of the amount subject to credit risk to the receivables of banks from the Central Government of the Republic of Turkey and arranged in FX.

The Bank used these opportunities in its Capital Adequacy calculations as of December 31, 2021.

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1.1. Components of Total Capital

	Current Period Amount	*Prior Period Amount*
COMMON EQUITY TIER I CAPITAL		
Paid-In Capital To Be Entitled For Compensation After All Creditors	4,600,000	4,600,000
Share Premium	23,250	23,250
Reserves	3,359,858	1,970,146
Other Comprehensive Income According to TAS	251,492	98,217
Profit	2,554,175	1,452,729
Current Period Profit	2,501,727	1,400,281
Prior Period Profit	52,448	52,448
Bonus Shares From Associates, Affiliates And Joint-Ventures Not Accounted In Current Period's Profit	-	-
Common Equity Tier I Capital Before Deductions	**10,788,775**	**8,144,342**
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 (-)	16,538	77,641
Leasehold Improvements On Operational Leases (-)	73,968	77,771
Goodwill Netted With Deferred Tax Liabilities	-	-
Other Intangible Assets Netted With Deferred Tax Liabilities Except Mortgage Servicing Rights	233,519	177,808
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	52,112	51,258
Direct And Indirect Investments Of The Bank On Its Own Tier I Capital (-)	4,869	4,869
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 The10% 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 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 (-)	-	-
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	**381,006**	**389,347**
Total Common Equity Tier I Capital	**10,407,769**	**7,754,995**

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ADDITIONAL TIER I CAPITAL BEFORE DEDUCTIONS		
Capital corresponding to privileged shares not included in the core capital and the related issuance premiums	-	-
Borrowing instruments deemed appropriate by the Authority and related issuance premiums	3,317,165	1,851,633
Borrowing instruments deemed appropriate by the Authority and the related issuance premiums (those covered by Provisional Article 4)	-	-
Additional Capital Before Discounts	**3,317,165**	**1,851,633**
Deductions From Additional Tier I Capital	-	-
Direct And Indirect Investments Of The Bank On Its Own Additional Tier I Capital (-)	-	-
Investments In Equity Instruments Issued By Banks Or Financial Institutions Invested In Bank's Additional Tier I Capital And Having Conditions Stated In The Article 7 Of The Regulation	-	-
Total Of Net Long Positions Of The Investments In Equity Items Of Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or Less Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital (-)	-	-
The Total Of Net Long Position Of The Direct Or Indirect Investments In Additional Tier I Capital Of Unconsolidated Banks And Financial Institutions Where The Bank Owns More Than 10% Of The Issued Share Capital (-)	-	-
Other Items To Be Defined By The BRSA (-)	-	-
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 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 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	3,317,165	1,851,633
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	**13,724,934**	**9,606,628**
TIER II CAPITAL		
Debt Instruments And The Related Issuance Premiums Defined By The BRSA	4,644,031	2,592,281
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)	845,934	613,486
Total Deductions From Tier II Capital	**5,489,965**	**3,205,767**
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 Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or Less Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital (-)	-	-
The Total Of Net Long Position Of The Direct Or Indirect Investments In Additional Tier I Capital 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	**5,489,965**	**3,205,767**
Total Equity (Total Tier I And Tier II Capital)	**19,214,899**	**12,812,395**

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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 Immovables Exceeding The Limit Defined In The Article 57, Clause 1 Of The Banking Law And The Assets Acquired Against Overdue Receivables And Held For Sale But Retained More Than Five Years (-)	11,607	5,828
Other Items To Be Defined By The BRSA (-)	106,768	92,821
Items To Be Deducted From The Sum Of Tier I And Tier II Capital (Capital) During The Transition Period		
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)	19,096,524	12,713,746
Total Risk Weighted Assets	82,840,995	59,802,485
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	12.56	12.97
Tier I Capital Ratio (%)	16.57	16.06
Capital Adequacy Ratio (%)	23.05	21.26
BUFFERS		
Bank-Specific Total CET1 Capital Ratio	2.50	2.50
Capital Conservation Buffer Ratio (%)	2.50	2.50
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	8.06	8.47
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)	6,298,549	4,652,363
General Loan Provisions For Exposures In Standard Approach Limited By 1.25% Of Risk Weighted Assets	845,934	613,486
Total Loan Provision That Exceeds Total Expected Loss Calculated According To Communiqué On Calculation Of Credit Risk By Internal Ratings Based Approach	-	-
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	-	-
Debt instruments subjected t o Article 4 (to be implemented between January 1 , 2018 and January 1, 2022)	-	-
Upper limit for Additional Tier I Capital subjected to temprorary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temprorary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temprorary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temprorary Article 4	-	-

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Information on debt instruments to be included in equity calculation:			
Issuer	KT One Company Limited	KT AT One Company Limited	KT21 T2 Company Limited
Instrument Code (CUSIP, ISIN vb.)	XS2028862998	XS2227803819	XS2384355520
Legislation to which the Instrument is subject	BRSA regulation on Shareholders ' Equity	BRSA regulation on Shareholders ' Equity	BRSA regulation on Shareholders ' Equity
Consideration In Equity Calculation			
Subject to consideration application reduced by 10% from 1/1/2015	Not Being Subject	Not Being Subject	Not Being Subject
Validity on a consolidated or unconsolidated basis or both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis
Instruments Type	Subordinated Sukuk (Additional Tier I Capital)	Subordinated Sukuk (Additional Tier I Capital)	Subordinated Sukuk (Tier II Capital)
Amount taken into account in equity calculation (as of last reporting date-TL million)	2,654	663	4,644
Nominal value of the Instrument (TL million))	2,654	663	4,644
The account in which the Instrument is followed accounting	3470003	3470003	3470003
Export date of the Instrument	16/07/2019	28/09/2020	16/09/2021
Maturity structure of the Instrument (demand/term))	Demand	Demand	10 Years and 3 Month Term
Initial maturity of the Instrument	5 Years (Due Date : 16/07/2024)	5 Yıl (Due Date : 28/09/2025)	5 Yıl Üç Ay (Due Date:16/12/2026)
Whether the issuer has the right to refund subject to BRSA approval	Yes	Yes	Yes
Date of repayment option, contingent repayment options and amount to be paid back	16/07/2024 – Complete	28/09/2025 – Complete	16/12/2026 -Complete
Subsequent repayment option dates	16/07/2024	28/09/2025	16/12/2026
Dividend payments			
Fixed or variable dividend payments	Fixed Divident payments	Fixed Divident payments	Fixed Divident payments
Dividend ratio and index value for dividend ratio	9.13%	9.95%	6.13%
Whether there are any restrictions that stop paying dividends	None	None	None
The ability to be completely optional, partially optional or mandatory	Mandatory	Mandatory	Mandatory
Whether there is an element to encourage repayment, such as a dividend rate hike	None	None	None
Non-accumulative or cumulative property	Noncumulative	Noncumulative	Noncumulative
Ability to convert to stock			
Trigger events/events that would cause conversion if converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Fully or partially convert property if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
If it can be converted to stock, the conversion rate	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Forced or optional conversion property, if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Types of convertible Instruments, if convertible to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Issuer of the debt instrument to be converted, if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Value reduction feature			
Trigger events/events to cause reduction if value reduction is enabled	No Value Reduction	No Value Reduction	No Value Reduction
If it has a value reduction feature, it has a total or partial value reduction feature	No Value Reduction	No Value Reduction	No Value Reduction
If the value reduction property is continuous or transient	No Value Reduction	No Value Reduction	No Value Reduction
If the value can be temporarily reduced, the value increment mechanism	No Value Reduction	No Value Reduction	No Value Reduction
In the case of liquidation, which is in the order in respect of the right of receivables (the instrument which is located just above this instrument of borrowing))	Tier - 1	Tier - 1	Tier - 2
Whether or not the provisions of Articles 7 and 8 of the regulation on the shareholders ' equity of the banks are not met	None	None	None
Which of the conditions contained in Articles 7 and 8 of the regulation on the shareholders ' equity of the banks are not met	None	None	None

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1.2 Approaches applied to assess the adequacy of internal capital requirement in terms of current and future activities

Internal evaluation process is established for continuously evaluating and maintaining the types, componenets and distribution of the adequate level of capital in order to provide for various risks exposed to or to be exposed to. The final purpose of the evaluation process of the internal capital requirement, is to define and evaluate all the risks included or not in the calculations of the legal capital requirements, within the frame of the activities of the bank, and to provide the availability od adequate capital in order to cover these risks and the application of the risk management techniques. The results obtained in this evaluation process by taking into consideration, the Banks' growth strategy, assets-liabilities structure, funding sources, liquidıty position, foreign currency position, the effect of the price and market fluctuations on the capital, which are among the variables of the economy, aim to provide the continuity of the mentioned capital adequacy level at the determined level in compliance with the Banks' risk profile and risk appetite.

Within this scope, capital structure is reviewed as based on the frame of the activities and risks exposed to, and the internal capital requirement, probable to occur within the direction of targets and strategies of the Bank is evaluated. This evaluation includes interest rate risk, concentration risk, liquidation risk, reputation risk, residual risk, country risk and strategic risk arising of the banking books as well as market, credit and operational risks. Capital requirement internal evaluation is evaluated to be a developing process and the development areas for the future period are determined and plans are prepared.

2. Explanations and Disclosures related to Credit Risk

Credit risk means the risks and damages to arise as a result of partial or complete non-fulfillment of the obligations timely by non-compliance of the counter party with the requirements of the agreement concluded with the Bank.

With regards to the credit risk, the debtor or the group of deptors is subjected to risk limitation. The upper limit of the rate of the credits granted to the companies in one sector to the total credits is determined annually by the Board of Directors and is updated as required.

The credit risk which the Bank is subjected to outside of Turkey is followed up by the Board of Directors within the frame of the determined limits on the basis of countries and regions. Within this scope, the total risk which the Bank had taken in the foreign country or region, the total of the credit risk taken by the banks residing abroad and/or their branches in Turkey, the total risks of the credits generated to the people residing abroad or with foreign nationally, the risk total taken over the corporate customers and/or banks to which the partners residing in Turkey but of which the principal shareholder or shareholders reside in another country, had given guarantee and in required cases, the risk total taken by the Bank in Turkey should be followed up.

The risks and limits arising of the treasury transactions and customer based commercial transactions are followed up daily. Moreover, the control of the limits allocated as based on the degrees of the correspondent banks and the maximum risk that the Bank can take within its equities are also performed daily. The risk limits relevant to the transactions performed daiy are determined and the risk intensity relevant to off the balance sheet transactions are being followed up.

As provided for in the Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for the Loans, the credit worthiness of the debtors of the loans and the other receivables are followed up at regular intervals, in case of early determination of a probable repayment problem, the credit limits redefined and additional guarantees are taken and this way the prevention of the bank's loss is aimed. The account statement documents for the loan generations are taken as defined in the legislation. The guarantees are taken within the frame of the relevant legislation, by consideration of the quality of the credit and the financial structure of the company and as based on the allocation decision taken by the credit committee

Futures and option contracts and other similar contract positions are not held.

The indemnified non-cash loans are subject to the same risk weight as the unpaid credits, in accordance with the "Regulation on the Procedures and Principles for the Determination of the Qualifications of Credits and Other Receivables in Banks and the Proviions to be Forded". Renewed and restructured loans are monitored in accordance with the methods set out in the relevant legislation.

Foreign trade financing and inter-banks loan transactions are performed by a wide network of correspondents and the countr risks, limits, correspondent risks and limits are regularly evaluated within this scope.

There is no important credit risk concentration when evaluated together with the financial activities of the other financial institutes.

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The Bank's top 100 and 200 cash loan customers represents 30% and 37% of the total cash loan portfolio, respectively.

The Bank's top 100 and 200 non-cash loan customers represent 31% and 41% of the total non-cash loan portfolio, respectively.

The Bank's top 100 and 200 cash and non-cash loan customers represent 27% and 34% of the total cash and non-cash loan portfolio, respectively.

Risk Classifications	Current Period Risk Amount (*)	Average Risk Amount (**)
Conditional and unconditional receivables from central governments or Central Banks	75,012,246	62,171,800
Conditional and unconditional receivables from regional or local governments	-	-
Conditional and unconditional receivables from administrative bodies and non-commercial undertakings	-	-
Conditional and unconditional receivables from multilateral development banks	125,831	110,906
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	19,141,034	15,246,148
Conditional and unconditional receivables from corporates	35,578,022	32,129,837
Conditional and unconditional receivables from retail portfolios	18,577,669	14,271,554
Conditional and unconditional receivables secured by mortgages	25,204,771	23,111,605
Collateralized receivables with mortgages	-	-
Past due receivables	148,379	178,753
Receivables defined under high risk category by BRSA	311,771	163,311
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	105,266	258,611
Stock Investments	1,481,015	1,481,015
Other receivables	10,815,161	8,062,261
Total	**186,501,165**	**157,185,801**

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.
(**) Average risk amounts are the arithmetical average of the amounts in monthly reports prepared starting from the date of publication of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Bank.

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Risk Classifications	Prior Period Risk Amount (*)	Average Risk Amount (**)
Conditional and unconditional receivables from central governments or Central Banks	51,697,994	45,555,439
Conditional and unconditional receivables from regional or local governments	-	-
Conditional and unconditional receivables from administrative bodies and non-commercial undertakings	-	-
Conditional and unconditional receivables from multilateral development banks	96,788	81,643
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	9,500,616	9,441,837
Conditional and unconditional receivables from corporates	26,970,043	21,836,486
Conditional and unconditional receivables from retail portfolios	13,658,018	12,511,481
Conditional and unconditional receivables secured by mortgages	21,852,188	18,635,524
Collateralized receivables with mortgages	-	-
Past due receivables	240,945	258,605
Receivables defined under high risk category by BRSA	123,676	130,089
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	75,196	98,535
Equity Investments	1,481,015	1,230,416
Other receivables	5,679,945	5,982,234
Total	**131,376,424**	**115,762,289**

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.
(**) Average risk amounts are the arithmetical average of the amounts in monthly reports prepared starting from the date of publication of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Bank.

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2.1. Profile of significant exposures in major regions

Current Period (*)	Conditional and unconditional receivables from central governments ot Central Banks	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporates	Conditional and unconditional receivables from retail portfolios	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined under high risk category by BRSA	Investments similar to collective investment funds	Stock Investments	Other Receivables	Total
Domestic	75,012,246	-	9,141,373	35,357,223	18,519,722	25,006,530	148,257	308,548	105,266	-	-	163,599,165
European Union Countries	-	-	696,259	59,230	10,488	39,988	40	590	-	-	-	806,595
OECD Countries (**)	-	-	3,120,012	19,716	3,241	11,612	17	85	-	-	-	3,154,683
Off-Shore Regions	-	-	1,973	61,673	2,905	89,582	-	-	-	-	-	156,133
USA, Canada	-	-	5,500,448	88	1,164	1,142	-	127	-	-	-	5,502,969
Other Countries	-	125,831	680,969	80,092	40,149	55,917	65	2,421	-	-	-	985,444
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	1,481,015	-	1,481,015
Undistributed Assets / Liabilities (***)	-	-	-	-	-	-	-	-	-	-	10,815,161	10,815,161
Toplam	**75,012,246**	**125,831**	**19,141,034**	**35,578,022**	**18,577,669**	**25,204,771**	**148,379**	**311,771**	**105,266**	**1,481,015**	**10,815,161**	**186,501,165**

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.
(**) Includes OECD countries other than EU countries, USA and Canada.
(***) Includes assets and liability items that cannot be allocated on a consistent basis.
(****) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

Prior Period (*)	Conditional and unconditional receivables from central governments ot Central Banks	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporates	Conditional and unconditional receivables from retail portfolios	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined under high risk category by BRSA	Investments similar to collective investment funds	Stock Investments	Other Receivables	Total
Domestic	51,697,994	-	3,316,184	26,830,010	13,612,650	21,697,804	240,366	123,676	75,196	-	-	117,593,880
European Union Countries	-	-	360,718	15,167	7,640	39,700	9	-	-	-	-	423,234
OECD Countries (**)	-	-	1,908,656	51,038	5,118	11,835	3	-	-	-	-	1,976,650
Off-Shore Regions	-	-	5,930	10,468	181	33,605	323	-	-	-	-	50,507
USA, Canada	-	-	3,089,839	2,504	667	6,287	-	-		-	-	3,099,297
Other Countries	-	96,788	819,289	60,856	31,762	62,957	244	-	-	-	-	1,071,896
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	1,481,015	-	1,481,015
Undistributed Assets / Liabilities (***)	-	-	-	-	-	-	-	-	-	-	5,679,945	5,679,945
Toplam	**51,697,994**	**96,788**	**9,500,616**	**26,970,043**	**13,658,018**	**21,852,188**	**240,945**	**123,676**	**75,196**	**1,481,015**	**5,679,945**	**131,376,424**

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.
(**) Includes OECD countries other than EU countries, USA and Canada.
(***) Includes assets and liability items that cannot be allocated on a consistent basis.
(****) Stands for the risk categories listed in Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks.

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2.2. Risk profile by sectors or counterparties

Current Period	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from Corporates	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by Mortgages	Past due receivables	Receivables defined in high-risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Stock Investmenst	Other receivables	TL	FC	Total(*)
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**548,818**	**393,655**	**579,950**	**1,604**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,090,509**	**433,518**	**1,524,027**
Farming and Stockbreeding	-	-	-	-	-	-	485,173	277,018	474,008	539	-	-	-	-	-	-	-	856,329	380,409	1,236,738
Forestry	-	-	-	-	-	-	59,601	115,524	104,369	1,065	-	-	-	-	-	-	-	227,450	53,109	280,559
Fishery	-	-	-	-	-	-	4,044	1,113	1,573	-	-	-	-	-	-	-	-	6,730	-	6,730
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**14,942,704**	**5,577,283**	**5,850,903**	**34,121**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,041,892**	**14,363,119**	***26,405,011***
Mining and Quarrying	-	-	-	-	-	-	2,367,192	945,298	941,727	862	-	-	-	-	-	-	-	2,277,535	1,977,544	4,255,079
Production	-	-	-	-	-	-	8,544,368	4,257,947	4,535,381	33,103	-	-	-	-	-	-	-	9,254,802	8,115,997	17,370,799
Electricity, Gas and Water	-	-	-	-	-	-	4,031,144	374,038	373,795	156	-	-	-	-	-	-	-	509,555	4,269,578	4,779,133
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**8,431,186**	**2,002,176**	**3,588,137**	**52,893**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,179,835**	**6,894,557**	**14,074,392**
Services	**75,012,246**	**-**	**-**	**125,831**	**-**	**19,141,034**	**9,499,769**	**6,257,192**	**6,585,825**	**45,711**	**-**	**-**	**-**	**-**	**105,266**	**1,481,015**	**-**	**45,479,429**	**72,774,460**	**118,253,889**
Wholesale and Retail Trade	-	-	-	-	-	-	6,112,113	4,193,997	4,380,325	30,592	-	-	-	-	-	-	-	9,567,785	5,149,242	14,717,027
Accommodation and Dining	-	-	-	-	-	-	73,555	151,560	252,944	5,063	-	-	-	-	-	-	-	300,753	182,369	483,122
Transportation and Telecom.	-	-	-	-	-	-	1,497,214	1,022,960	732,934	5,310	-	-	-	-	-	-	-	1,648,568	1,609,850	3,258,418
Financial Institutions	75,012,246	-	-	125,831		19,141,034	1,572	6,163	54,520	-	-	-	-	-	105,266	1,481,015	-	31,280,971	64,646,676	95,927,647
Real Estate and Rental Services	-	-	-	-	-	-	954,653	279,514	456,951	2,407	-	-	-	-	-	-	-	1,004,410	689,115	1,693,525
Professional Services	-	-	-	-	-	-	14,605	176	65	-	-	-	-	-	-	-	-	246	14,600	14,846
Educational Services	-	-	-	-	-	-	59,327	50,169	103,802	1,676	-	-	-	-	-	-	-	163,104	51,870	214,974
Health and Social Services	-	-	-	-	-	-	786,730	552,653	604,284	663	-	-	-	-	-	-	-	1,513,592	430,738	1,944,330
Others	**-**	**-**	**-**	**-**	**-**	**-**	**2,155,545**	**4,347,363**	**8,599,956**	**14,050**	**311,771**	**-**	**-**	**-**	**-**	**-**	**10,815,161**	**15,794,982**	**10,448,864**	**26,243,846**
Total	**75,012,246**	-	-	125,831	-	**19,141,034**	**35,578,022**	**18,577,669**	**25,204,771**	**148,379**	**311,771**	**-**	**-**	**-**	**105,266**	**1,481,015**	**10,815,161**	**81,586,647**	**104,914,518**	**186,501,165**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.
(**) Stands for the risk categories listed in Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks.

Prior Period	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from Corporates	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by Mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Stock Investmenst	Other receivables	TL	FC	Total(*)
Agriculture	**-**	-	-	-	-	-	**456,738**	**249,476**	**498,991**	**7,699**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**951,636**	**261,268**	**1,212,904**
Farming and Stockbreeding	-	-	-	-	-	-	422,123	182,714	411,243	2,822	-	-	-	-	-	-	-	783,710	235,192	1,018,902
Forestry	-	-	-	-	-	-	33,267	64,605	87,145	4,877	-	-	-	-	-	-	-	163,829	26,065	189,894
Fishery	-	-	-	-	-	-	1,348	2,157	603	-	-	-	-	-	-	-	-	4,097	11	4,108
Manufacturing	**-**	-	-	-	-	-	**10,962,566**	**3,688,267**	**4,391,612**	**30,170**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,797,995**	**8,274,620**	**19,072,615**
Mining and Quarrying	-	-	-	-	-	-	2,206,974	634,065	714,788	4,412	-	-	-	-	-	-	-	2,169,516	1,390,723	3,560,239
Production	-	-	-	-	-	-	5,877,264	2,767,732	3,374,290	23,973	-	-	-	-	-	-	-	8,097,605	3,945,654	12,043,259
Electricity, Gas and Water	-	-	-	-	-	-	2,878,328	286,470	302,534	1,785	-	-	-	-	-	-	-	530,874	2,938,243	3,469,117
Construction	**-**	-	-	-	-	-	**6,537,670**	**1,384,964**	**3,074,401**	**100,690**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,173,383**	**4,924,342**	**11,097,725**
Services	**51,697,994**	**-**	**-**	**96,788**	**-**	**9,500,616**	**7,401,509**	**4,473,779**	**5,564,614**	**92,859**	**-**	**-**	**-**	**-**	**75,196**	**1,481,015**	**-**	**34,267,722**	**46,116,648**	**80,384,370**
Wholesale and Retail Trade	-	-	-	-	-	-	4,505,966	3,088,213	3,813,872	51,969	-	-	-	-	-	-	-	8,957,768	2,502,252	11,460,020
Accommodation and Dining	-	-	-	-	-	-	51,168	102,827	243,384	12,542	-	-	-	-	-	-	-	265,686	144,235	409,921
Transportation and Telecom.	-	-	-	-	-	-	1,323,557	617,845	443,599	11,311	-	-	-	-	-	-	-	1,388,657	1,007,655	2,396,312
Financial Institutions	51,697,994	-	-	96,788		9,500,616	35,327	3,348	42,780	66	-	-	-	-	75,196	1,481,015	-	21,279,410	41,653,720	62,933,130
Real Estate and Rental Services	-	-	-	-	-	-	707,598	182,845	389,677	3,861	-	-	-	-	-	-	-	815,435	468,546	1,283,981
Professional Services	-	-	-	-	-	-	11	3,494	86	18	-	-	-	-	-	-	-	240	3,369	3,609
Educational Services	-	-	-	-	-	-	42,025	49,127	118,851	7,139	-	-	-	-	-	-	-	159,002	58,140	217,142
Health and Social Services	-	-	-	-	-	-	735,857	426,080	512,365	5,953	-	-	-	-	-	-	-	1,401,524	278,731	1,680,255
Others	**-**	-	-	-	-	-	**1,611,560**	**3,861,532**	**8,322,570**	**9,527**	**123,676**	**-**	**-**	**-**	**-**	**-**	**5,679,945**	**14,878,011**	**4,730,799**	**19,608,810**
Total	**51,697,994**	-	-	96,788	-	**9,500,616**	**26,970,043**	**13,658,018**	**21,852,188**	**240,945**	**123,676**	**-**	**-**	**-**	**75,196**	**1,481,015**	**5,679,945**	**67,068,747**	**64,307,677**	**131,376,424**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.
(**) Stands for the risk categories listed in Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks.

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2.3. Analysis of Maturity-Bearing Exposures According to Remaining Maturities

Risk Categories (*) – Current Period	Time to Maturity				
	1 month	1–3 months	3–6 months	6–12 months	Over 1 year
Conditional and unconditional receivables from central governments or Central Banks	14,089,708	-	-	315,286	19,656,442
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-
Conditional and unconditional receivables from administrative bodies and non-commercial undertakings	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	125,831
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	2,641,979	425,500	5,262,542	151,918	700,299
Conditional and unconditional receivables from corporates	3,611,616	2,993,443	7,519,946	4,413,148	16,989,706
Conditional and unconditional receivables from retail portfolios	2,474,528	2,243,669	2,087,371	3,095,794	8,388,977
Conditional and unconditional receivables secured by mortgages	1,527,158	1,533,238	1,930,398	3,778,266	16,435,710
Past due receivables	-	-	-	-	-
Receivables defined under high risk category by BRSA	217,482	-	-	2,042	92,247
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-	-
Investments similar to collective investment funds	1,099	3,067	103	491	100,506
Stock Investments	-	-	-	-	1,481,015
Other Receivables	-	-	-	-	-
Total	**24,563,570**	**7,198,917**	**16,800,360**	**11,756,945**	**63,970,733**

(*) Risk amounts are stated before credit risk mitigation and after credit conversion ratio. Risk categories in the Regulation on Measurement and Evaluation of Banks' Capital Adequacy have been considered.

Risk Categories (*) – Prior Period	Time to Maturity				
	1 month	1–3 months	3–6 months	6–12 months	Over 1 year
Conditional and unconditional receivables from central governments or Central Banks	4,938,678	-	-	778,383	19,029,670
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-
Conditional and unconditional receivables from administrative bodies and non-commercial undertakings	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	96,788
Conditional and unconditional receivables from international organizations	-	-	-	-	
Conditional and unconditional receivables from banks and brokerage houses	3,524,819	569,881	11,721	124,557	487,549
Conditional and unconditional receivables from corporates	2,476,749	1,195,651	5,333,584	3,947,355	13,984,082
Conditional and unconditional receivables from retail portfolios	1,611,033	987,609	2,245,923	1,934,120	6,717,234
Conditional and unconditional receivables secured by mortgages	1,202,800	767,140	1,693,683	2,476,893	15,711,672
Past due receivables	-	-	-	-	-
Receivables defined under high risk category by BRSA	123,676	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-	-
Investments similar to collective investment funds	20,921	15,645	7,180	-	31,450
Stock Investments	-	-	-	-	1,481,015
Other Receivables	-	-	-	-	-
Total	**13,898,676**	**3,535,926**	**9,292,091**	**9,261,308**	**57,539,460**

(*) Risk amounts are stated before credit risk mitigation and after credit conversion ratio. Risk categories in the Regulation on Measurement and Evaluation of Banks' Capital Adequacy have been considered.

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2.4 Exposure Categories

In compliance with the 7th Article of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks, determination of the risk weights in calculation of the risk weighted sums is performed based on the credit ratings provided by the rating companies.

The ratings of an international credit rating agency are used for the Banks and Corporate Receivables asset class, which is limited to the receivables that are resident abroad. Receivables from banks are analyzed in two separate receivable classes according to their original maturity. If the original maturity is 3 months or less, they are assigned to "Short Term Receivables from Banks and Intermediary Institutions", if it is more than 3 months it is assgined to "Receivables from Banks and Intermediary Institutions". The banks and institutions established within the country are evaluated as unrated.

The ratings given by the international credit rating agency are used to determine the risk weighted asset class. The ratings of the credit rating agency are being used for Banks and Corporate Receivables asset class limited to the counterparties which are resident abroad.

		Exposure Categories			
			Exposures from Banks and Brokerage Houses		
Credit Quality Grade	**Fitch Rating Risk**	**Exposures to Central Governments or Central Banks Exposure Categories**	**Receivables With Original Maturity Less Than 3 Months**	**Receivables with Original Maturity greater than 3 Months**	**Exposures to Corporates**
1	AAA AA+ AA AA-	%0	%20	%20	%20
2	A+ A A-	%20	%20	%50	%50
3	BBB+ BBB BBB-	%50	%20	%50	%100
4	BB+ BB BB-	%100	%50	%100	%100
5	B+ B B-	%100	%50	%100	%150
6	CCC+ CCC CCC- CC C D	%150	%150	%150	%150
Unrated	Unrated	%100	%20 (*)	%50 (*)	%100

(*) This is used under the condition of not being less than the implemented one in the centralized management of the Bank's located country.

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2.5 Credit risk using the standard approach

2.5.1. Credit risk exposed and credit risk mitigation effects

		Credit conversion rate and credit risk amount receivable before reduction		Credit conversion rate and credit risk amount of receivable after reduction		Risk weighted amount and risk weighted amount concentration	
	Risk Classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Risk weighted amount density
1	Receivables from central governments and Central Banks	69,790,958	-	73,976,293	-	-	0
2	Receivables from regional and local government	-	-	-	-	-	0
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	0
4	Receivables from multilateral development banks	125,831	-	125,831	-	-	0
5	Receivables from international organizations	-	-	-	-	-	0
6	Receivables from banks and brokerage houses	17,407,024	2,799,611	17,407,024	399,825	5,867,086	33
7	Receivables from corporate	31,937,856	7,059,657	28,105,103	3,407,363	30,632,951	97
8	Retail receivables	15,687,305	8,595,982	15,542,848	2,857,928	13,246,226	72
9	Receivables secured by residential property	10,657,780	776,693	10,611,657	383,704	3,801,491	35
10	Receivables secured by commercial property	12,999,048	2,370,794	12,861,012	1,144,236	9,308,342	66
11	Non-performing receivables	148,379	-	124,413	-	57,066	46
12	Receivables in high-risk categories	311,771	-	311,771	-	457,986	147
13	Mortgage-backed securities	-	-	-	-	-	0
14	Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	0
15	Investments similar to collective investment funds	105,266	-	105,266	-	19,479	19
16	Other receivables	10,815,161	-	10,815,161	-	2,013,962	19
17	Stock investments	1,481,015	-	1,481,015	-	1,481,015	100
18	**Total**	**171,467,394**	**21,602,737**	**171,467,394**	**8,193,056**	**66,885,604**	

. Exposures by asset classes and risk weights

	Risk Classifications/Risk Weights (*) (Current Period)	0%	10%	20%	25%	50%	75%	100%	150%	200%	Other%	Total risk amount (post-CCF and CRM)
1	Receivables from central governments and Central Banks	73,976,293	-	-	-	-	-	-	-	-	-	73,976,293
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	125,831	-	-	-	-	-	-	-	-	-	125,831
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	103,984	-	11,110,097	-	5,895,401	-	697,367	-	-	-	17,806,849
7	Receivables from corporate	490,782	-	485,918	-	-	-	30,535,766	-	-	-	31,512,466
8	Retail receivables	423,918	-	459,819	-	-	17,451,109	65,930	-	-	-	18,400,776
9	Receivables secured by residential property	82,853	-	119,246	-	-	-	-	-	-	10,793,262	10,995,361
10	Receivables secured by commercial property	174,229	-	182,733	-	8,752,980	-	4,895,306	-	-	-	14,005,248
11	Non-performing receivables	12,761	-	383	-	108,559	-	2,710	-	-	-	124,413
12	Receivables in high-risk categories	4,870	-	1,820	-	-	-	-	305,081	-	-	311,771
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-
14	Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	82,130	-	4,189	-	612	-	18,335	-	-	-	105,266
16	Stock investments	-	-	-	-	-	-	1,481,015	-	-	-	1,481,015
17	Other receivables	8,777,512	-	29,609	-	-	-	2,008,040	-	-	-	10,815,161
18	**Total**	**84,255,163**	**-**	**12,393,814**	**-**	**14,757,552**	**17,451,109**	**39,704,469**	**305,081**	**-**	**10,793,262**	**179,660,450**

* 35% Risk Weight is classified in Others.

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	Risk Classifications/Risk Weights (*) (Prior Period)	0%	10%	20%	50%	75%	100%	150%	200%	Other%	Total risk amount (post-CCF and CRM)
1	Receivables from central governments and Central Banks	56,856,724	-	-	-	-	-	-	-	-	56,856,724
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	96,788	-	-	-	-	-	-	-	-	96,788
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	87,206	-	7,737,359	451,502	-	606,429	-	-	-	8,882,496
7	Receivables from corporate	318,136	-	340,426	-	-	22,835,736	-	-	-	23,494,298
8	Retail receivables	281,308	-	256,042	-	11,760,685	-	-	-	-	12,298,035
9	Receivables secured by residential property	57,575	-	73,308	-	-	-	-	-	9,708,965	9,839,848
10	Receivables secured by commercial property	82,410	-	110,029	6,944,903	-	4,074,145	-	-	-	11,211,487
11	Non-performing receivables	861	-	412	172,046	-	5,209	-	-	-	178,528
12	Receivables in high-risk categories	19	-	-	-	-	-	123,657	-	-	123,676
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	22,731	-	36,610	9,444	-	6,411	-	-	-	75,196
16	Stock investments	-	-	-	-	-	1,481,015	-	-	-	1,481,015
17	Other receivables	3,757,998	-	1,591	-	-	1,920,356	-	-	-	5,679,945
18	**Toplam**	**61,561,756**	**-**	**8,555,777**	**7,577,895**	**11,760,685**	**30,929,301**	**123,657**	**-**	**9,708,965**	**130,218,036**

* 35% Risk Weight is classified in Others.

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2.6. Risk amounts according to risk weights

Current Period Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	Other Risk Classes	Deductions from Equity
Exposures before Credit Risk Mitigation	78,880,415	-	11,143,895	-	11,041,484	15,104,577	18,471,756	44,706,552	311,771	-	-	499,381
Exposures after Credit Risk Mitigation	84,255,163	-	12,393,814	-	10,793,262	14,757,552	17,451,109	39,704,469	305,081	-	-	499,381

Prior Period Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	Other Risk Classes	Deductions from Equity
Exposures before Credit Risk Mitigation	55,206,009	-	7,775,560	-	10,098,454	8,104,735	13,640,225	35,269,377	123,676	-	-	487,996
Exposures after Credit Risk Mitigation	61,561,756	-	8,555,777	-	9,708,966	7,577,895	11,760,685	30,929,301	123,657	-	-	487,996

2.7. Information by major sectors and type of counterparties

Impaired Loans; are the credits that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness according to TFRS 9 Financial Instruments. For such credits, "specific provisions" are allocated as TFRS 9 suggests.

Past Due Loans; are the credits that overdue up to 90 days but not impaired. For such credits, "general provisions" are allocated within the scope of TFRS 9.

	Loans		Provisions
	Impaired Loans		
Current Period *(**)*	**Significant Increase in Credit Risk (Stage II)**	**Default (Stage III)**	**Expected Credit Loss Provisions (*)**
Agriculture	**245,611**	**33,900**	**177,971**
Farming and Stockbreeding	231,260	14,129	156,508
Forestry	13,065	19,771	21,041
Fishery	1,286	-	422
Manufacturing	**2,283,368**	**561,557**	**1,668,312**
Mining and Quarrying	631,093	155,218	507,855
Production	1,477,679	396,355	1,116,278
Electricity, Gas and Water	174,596	9,984	44,179
Construction	**1,462,317**	**1,185,613**	**1,779,955**
Services	**2,998,876**	**1,150,166**	**2,405,208**
Wholesale and Retail Trade	1,590,185	699,548	1,254,743
Accommodation and Dining	224,524	147,909	285,404
Transportation and Telecommunication	315,460	95,547	192,239
Financial Institutions	3,114	5,529	5,974
Real Estate and Rental Services.	623,296	48,889	432,204
Professional Services	9	-	1
Educational Services	76,365	113,883	164,186
Health and Social Services	165,923	38,861	70,457
Others	**828,645**	**144,173**	**259,630**
Total	**7,818,817**	**3,075,409**	**6,291,076**

(*) Provisions for expected credit loss include Stage II and Stage III provisions.
(**) Financial lease receivables are not included.

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	Loans		Provisions
	Impaired Loans		
Prior Period *(**)*	**Significant Increase in Credit Risk (Stage II)**	**Default (Stage III)**	**Expected Credit Loss Provisions (*)**
Agriculture	**254,002**	**50,399**	**95,534**
Farming and Stockbreeding	233,481	28,780	75,984
Forestry	19,499	18,341	15,872
Fishery	1,022	3,278	3,678
Manufacturing	**2,121,591**	**446,459**	**898,816**
Mining and Quarrying	490,170	62,382	181,608
Production	1,505,834	349,118	665,939
Electricity, Gas and Water	125,587	34,959	51,269
Construction	**1,354,700**	**1,274,309**	**1,551,053**
Services	**2,614,477**	**1,018,028**	**1,521,543**
Wholesale and Retail Trade	1,541,124	646,277	899,749
Accommodation and Dining	178,301	105,965	160,093
Transportation and Telecommunication	249,028	95,954	131,185
Financial Institutions	999	3,939	4,012
Real Estate and Rental Services.	457,523	38,410	165,592
Professional Services	5,207	183	799
Educational Services	64,574	67,631	77,756
Health and Social Services	117,721	59,669	82,357
Others	**720,294**	**145,396**	**194,364**
Total	**7,065,064**	**2,934,591**	**4,261,310**

(*) Provisions for expected credit loss include Stage II and Stage III provisions.
(**) Leasing receivables are not included.

2.8. Movements in value adjustments and provisions

Current Period (*****)	**Opening Balance (After TFRS 9)**	**Provisions for period**	**Provision Reversals (***)**	**Other Adjustments (****)**	**Closing Balance**
Stage 3 Provisions (*)	2,517,875	1,279,628	(611,822)	(397,786)	2,787,895
Stage 1&2 Provisions (**)	2,914,003	3,286,735	(408,123)	-	5,792,615

Prior Period	**Opening Balance (After TFRS 9)**	**Provisions for period**	**Provision Reversals (***)**	**Other Adjustments (****)**	**Closing Balance**
Stage 3 Provisions (*)	1,532,370	1,700,336	(354,022)	(360,809)	2,517,875
Stage 1&2 Provisions (**)	1,479,019	1,537,137	(102,153)	-	2,914,003

(*) Represents Stage III expected loss provision.
(**) Represents Stage I and Stage II expected loss provision.
(***) Includes provision reversals and exchange rate differences.
(****) Represents loans written off from assets.
(*****) It does not include provisions for non-cash loans.

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2.9. Risk involved in counter-cyclical capital buffer calculation

Current Period

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	57,442,930	-	57,442,930
England	24,936	-	24,936
Albania	51,878	-	51,878
Iraq	23,554	-	23,554
Marshall Islands	107,017	-	107,017
Italy	21,535	-	21,535
Saudi Arabia	7,107	-	7,107
Germany	14,786	-	14,786
Russia	4,992	-	4,992
Malta	34,672	-	34,672
Other	42,048	-	42,048

Prior Period

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	42,914,258	-	42,914,258
England	56,079	-	56,079
Albania	43,248	-	43,248
Iraq	20,621	-	20,621
Marshall Islands	20,368	-	20,368
Italy	13,187	-	13,187
Saudi Arabia	11,373	-	11,373
Germany	5,976	-	5,976
Qatar	4,772	-	4,772
Hungary	2,979	-	2,979
Other	18,021	-	18,021

2.10. Information of Cash and Noncash Loans according to Bank Risk Rating System

The Bank calculates the probability of delinquency and internal rating notes for the portfolio of Corporate/Commercial/SME loans based on statistical methods in Turkish Commercial Code. Ratings are shown the table below as of 31 December 2021.

	Cash Loans	Non-Cash Loans	Total
High Quality	48.04%	66.87%	50.36%
Medium Quality	35.78%	23.61%	34.28%
Average	12.17%	7.19%	11.55%
Below Average	4.01%	2.33%	3.81%

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3. Explanations on currency risk

Foreign currency risk represents the Bank's exposure to loss due to the changes in foreign currency exchange rates. All foreign currency assets, liabilities and foreign currency forward transactions are considered in calculation of capital to be employed for foreign currency risk according to standard method. The "standard method" and the "value at risk method" used in legal reporting are used to measure the exchange rate risk of the bank. Measurements made under the standard method are carried out on a monthly basis and measurements made under the risk-exposed Value Method are carried out on a daily basis.

The Bank monitors daily the designated limits set by the Board of Directors and additionally observes the possible value changes in foreign currency positions. The limits are determined and followed both for the net foreign currency position and for the cross exchange rate risk within the position. As a tool of foreign currency risk management, foreign currency forward transactions are used when necessary to mitigate the risk.

As of 31 December 2021, the Bank carries a net foreign currency TL 1,811,076 (31 December 2020 – 22,209,211 TL short position) comprising of TL 424,526 balance sheet long position (31 December 2020 - TL 21,901,119 long position) and TL 1,386,550 off balance sheet short position (31 December 2020 – TL 308,092 short position).

The announced current foreign exchange buying rates of the Bank as of 31 December 2021 and the previous five working days are as follows (full TL):

	24/12/2021	27/12/2021	28/12/2021	29/12/2021	30/12/2021	Balance Sheet Valuation Rate
USD	11.59337	11.33396	11.78151	12.26809	12.95715	13.26866
EUR	13.14634	12.82523	13.34247	13.85752	14.66517	15.02175
GBP	15.55061	15.19147	15.83407	16.47226	17.46344	17.91170
CHF	12.64138	12.32887	12.84602	13.35944	14.13843	14.52923
JPY	0.10140	0.09891	0.10257	0.10672	0.11254	0.11527

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days preceding the balance sheet date are as follows (full TL):

	Monthly average FC purchase rate
USD	13.62454
EUR	15.40218
GBP	18.12620
CHF	14.79793
JPY	0.11968

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Currency risk of the Bank

Current Period	EUR	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	19,872,444	22,758,220	17,440,402	60,071,066
Banks (****)	2,670,209	2,016,784	9,813,215	14,500,208
Financial assets at fair value through profit and loss	-	586,916	10,364,898	10,951,814
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	6,095,764	9,782,100	-	15,877,864
Loans and finance lease receivables (*)	24,654,435	34,563,359	27,396	59,245,190
Subsidiaries, associates and joint ventures (**)	610,120	-	-	610,120
Financial assets at amortized cost	-	4,797,993	-	4,797,993
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	1,571	-	1,571
Intangible assets	-	14	-	14
Other assets	2,271,822	6,561	7,043	2,285,426
Total Assets	**56,174,794**	**74,513,518**	**37,652,954**	**168,341,266**
Liabilities				
Current account and funds collected from Banks via participation accounts	51,963	179,574	532,507	764,044
Current and profit sharing accounts FC (****)	24,470,868	79,024,705	50,550,090	154,045,663
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	549,849	11,077,159	-	11,627,008
Marketable securities issued	-	-	-	-
Miscellaneous payables	935,363	1,220,786	25,053	2,181,202
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (*****)	340,952	1,127,033	66,440	1,534,425
Toplam Liabilities	**26,348,995**	**92,629,257**	**51,174,090**	**170,152,342**
Net balance sheet position	29,825,799	(18,115,739)	(13,521,136)	(1,811,076)
Net off-balance sheet position	(30,985,951)	17,881,028	13,529,449	424,526
Financial derivative assets	528,075	23,015,573	14,353,317	37,896,965
Financial derivative liabilities	31,514,026	5,134,545	823,868	37,472,439
Non-cash loans (***)	3,257,093	4,935,753	274,987	8,467,833
Prior Period				
Total assets	33,003,388	31,604,258	16,220,333	80,827,979
Total liabilities	13,501,256	51,731,458	37,804,476	103,037,190
Net balance sheet position	19,502,132	(20,127,200)	(21,584,143)	(22,209,211)
Net off-balance sheet position	(19,867,567)	20,187,707	21,580,979	21,901,119
Financial derivative assets	972,259	25,033,494	21,919,119	47,924,872
Financial derivative liabilities	20,839,826	4,845,787	338,140	26,023,753
Non-cash loans (***)	1,837,972	2,349,832	205,654	4,393,458

(*) Includes foreign currency indexed loans amounting to TL 2,009,070 (31 December 2020 – TL 1,740,355) followed as TL on the balance sheet and expected credit loss amounting to TL 3,664,484
(**) TL 610,120 (31 December 2020 - TL 610,120) of subsidiaries amounting to TL 1,461,015 in the balance sheet includes foreign currency subsidiaries
(***) Does not have any effect to the net off-balance sheet position.
(****) Precious metals are included in "Other FC" column. Includes the expected loss provisions amounting to TL 192 in the balance sheet.
(*****) Other liabilities at fair value through TL 4,764 in the calculation of profit / loss of securities are not included in the foreign currency risk of impairment provisions. It also includes a provision for foreign currency indexed loans amounting to TL 178,870
(******) Includes provisions for expected losses amounting to TL 2,165 in the balance sheet

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Foreign currency amounts that are not included in the currency risk table due to the legislation related to calculation of foreign currency net position to equity standard ratio, are explained by their gradation in the financial statements below;

- Derivative financial assets held for trading TL 592,863 (31 December 2020 – TL 332,438)
- Prepaid expenses: TL 1,303 (31 December 2020 – 693 TL)
- Derivative financial liabilities held for trading: TL 65,015 (31 December 2020 – TL 286,320)
- Marketable securities of FC revaluation reverse: 65,917 (31 December 2020- TL (94,206))
- Derivative financial liabilities held for hedging: None (31 December 2020 - TL - None)

Receivables/Payables related to derivative financial instruments include foreign currency purchase/sale transactions that are amounting to;

- Forward foreign currency purchase transactions TL 1,864,837 (31 December 2020 – TL 1,222,954)
- Forward foreign currency sale transactions: TL 3,094,121 (31 December 2020 – TL 1,178,611)
- Precious metal purchase transactions: TL 13,177,082 (31 December 2020 – TL 20,984,650)
- Precious metal sale transactions: TL 52,347 (31 December 2020 – TL 30,525)

Currency risk sensitivity

The bank is mainly exposed to foreign currency risk in EURO, USD and GOLD.

The following table shows the bank's sensitivity to 10% change in both USD, EURO and GOLD exchange rate.

	% Increase in the exchange rate	Effects on profit/loss		Effects on equity	
		Curent Period	Prior Period	Curent Period	Prior Period
Usd	10%	(23,471)	6,051	47,244	(2,962)
Eur	10%	(116,015)	(36,544)	(112,076)	(36,575)
Gold	10%	16,064	11,870	16,064	11,870

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4. Explanations related to stock position risk

4.1 Relation of risks with gains accounted under equity and analyzing according to their aims including strategic reasons and the accounting policies applied and general information about valuation techniques with assumptions in this application, the elements that manipulate valuation and important changes

The Bank's non-quoted securities are accounted for fair value. When the fair value cannot be reliably measured, the cost method is used.

4.2. Carrying value of share investments, for fair value and quoted securities, comparison with market value if market value is significantly different from fair value

Curent Period		**Comparison**	
Equity Securities investments	**Carrying Value**	**Fair Value**	**Market Value**
Securities at Fair Value Through Other Comprehensive Income	**82,887**	**-**	**-**
Quoted Securities	-	-	-
Investments in Associates	-	-	-
Quoted Securities	-	-	-
Investment in Subsidiaries	**1,461,015**	**519,420**	**519,420**
Quoted Securities	53,418	519,420	519,420
Other	**20,000**	**-**	**-**
Quoted Securities	-	-	-

Prior Period		**Comparison**	
Equity Securities investments	**Carrying Value**	**Fair Value**	**Market Value**
Securities at Fair Value Through Other Comprehensive Income	**48,461**	**-**	**-**
Quoted Securities	-	-	-
Investments in Associates	-	-	-
Quoted Securities	-	-	-
Investment in Subsidiaries	**1,461,015**	**382,800**	**382,800**
Quoted Securities	53,418	382,800	382,800
Other	**20,000**	**-**	**-**
Quoted Securities	-	-	-

4.3 Realized gains/losses, revaluation surplus, unrealized gains/losses on equity securities and results included in core and supplementary capitals

None.

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5. Liquidity risk management and liquidity coverage ratio

The liquidity risk of the Bank is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities. It has been evaluated in two main categories:

Funding Liquidity Risk: It is a kind of risk which does not meet the any unexpected loss and non defaulting debts and liabilities.

Market Liquidity Risk: It is a kind of risk which consists of the position that cannot be sold without affecting market price due to insufficient market depth or market conditions' deterioration or that cannot be completed with the position of market price for any reasons.

Liquidity risk is managed by the Asset - Liability Committee (ALC) and related business units within the framework of the Liquidity Risk Policy and risk appetite approved by the Board of Directors. In liquidity risk management, the measures to be taken and the practices to be carried out are determined by taking into account normal economic conditions and stress conditions. The Bank defines liquidity risk, measures risks with liquidity risk measurement methods in accordance with international standards, monitors them and periodically presents them to the interested parties. Liquidity risk stress tests are performed during monthly periods. An emergency funding plan (liquidity contingency plan) has been created to regulate the procedures and principles for the bank to maintain and maintain adequate liquidity levels under stress conditions.

The bank's liquidity risk ratios are well above the legal limits. The bank maintains its liquidity buffer at high levels, taking into account periods when liquidity risk may increase. Due to this approach, it is evaluated that the negative effects of the COVID-19 pandemic on the global level do not have a significant impact on the bank's liquidity needs.

5.1 Information on risk capacity of the Bank, Responsibilities and structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application

The applications and responsibilities related to the liquidity risk has been determied according to the Treasury Liquidity and Market Management Policies and Practices approved by Board of Directors. The Bank's liquidity and funding policy is to own sufficient liquidity reserve and funding opportunities to meet its liabilities even in cases of stress, resulting from the market conditions or other conditions specific to the Bank.

The Bank has a strong capital structure and is supported by its main shareholder is Kuwait Finance House; also its current and paticipation accounts are spread to the base and are stable, and its sources of foreign borrowing are diversified. Hence, by the virtue of the aforementioned facts, the Bank has a high risk capacity. In addition, the Liquidity Coverage Ratio of the Bank which insures its cash outflows with the high-quality liquid assets is deemed high. The Bank also has limits available for use at Central Bank of Turkey and other financial institutions.

Indicators regarding the liquidity position are analyzed and liquidity risk is evaluated at the ALCO meetings attended by the senior management. Furthermore, the Board of Directors are informed through the Audit Committee.

For the management of liquidity risk, the Risk Management Department follows the funding and liquidity risks, market conditions, in the participating accounts, the distribution of different currencies, maturity, cost and expected future cash flow requirements (particularly with regard to large deposits). Reports on the liquidity gap analysis prepared weekly by Budget and Management Reporting and monitored by the Asset and Liability Committee. These units also estimate the possible liquidity needs of the Bank in case of urgent situations and generate action plans based on these estimates. Risk Management Department follows the limits on liquidity risk determined by the Board of Directors. Risk Management Department, in addition to these, is implementing monthly liquidity stress tests to measure the effects of negative scenarios on liquidity position of the Bank. The Treasury Group Managemant manages the liquidity risk and funding risk in order to prevent insufficiencies of funding relating to any time or any source and makes reports related with the liquidity position to Asset and Liability Committee regularly. Official and International Reporting Directorate tracks the liquidity coverage ratio and the results are reported to the BRSA.

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5.2. Information on the centralization degree of liquidity management and funding strategy and the functioning between the Bank and the Bank's subsidiaries

The Bank's liquidity management is performed by the Asset and Liability Management. Depending on the Bank's consolidated subsidiaries are subject to liquidity risk is managed in-house, but the necessary communication and coordination within the Assistant General Manager in charge of Treasury and International Banking are provided.

5.3 Information on the Bank's funding strategy including the policies on funding types and variety of maturities

Bank spread to the base of current and partipication accounts and that a stable, long-term diversification and aims to be the source of the funds used. Ratio of liquid assets to total assets ratio and risk indicators related to liquidity, credit and the ratio of funds, issues such as the concentration in collected funds are being closely monitored.

5.4 Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank's total liabilities

Almost all liabilities of the Bank are denominated in Turkish Lira, American Dollar, Euro or Gold. The TL denominated liquidity of the Bank is managed through the open market transactions implemented by the Central Bank of the Turkish Republic and interbank operations. Liabilites denominated in TL are used in order to fund assets that are denominated in TL, assets denominated in TL are generated through foreign exchange based funds with swap operations if necessary. Foreign currency funds are provided with the foreign sourced credits denominated in foreign currency and sukuk-financial certificates issued. Liquidity denominated in foreign currency is kept at the interbank operations and accounts of the corresponding bonds within the limits. Liabilities denominated in Gold are kept at the required reserve accounts of the Central Bank of the Turkish substantialy.

5.5. Information on liquidity risk mitigation techniques

Liquidity risk is mitigated by using techniques such as maintaining high quality liquid asset buffer to cover possible fund outflows, diversification of funding sources so far as possible and inclusion to the base, homogenizing the maturity distribution of repayments as far as possible, obtaining limits from funding institutions to use when necessary and ensuring that a determined portion of funding sources are comprised of deposits. In addition, core deposit analysis is performed and concentration on collected funds are closely monitored.

5.6. Information on the use of stress tests

In order to analyze the source of the possible liquidity insufficiencies and whether comformably move exists on existing off-balance sheet and balance sheet positions relavant with liquidity risk expectation, 3 types liquidity stress tests are applied by Risk Management Directorate. These includes stress test scenarios are special to the Bank, related with the overall market or scenarios take in consideration both of the situations. Stress tests telated with liquidity risk are repeated at monthly periods. Results are tracked with key risk indicators and monitored by Senior Management.

5.7. General information about the contingency funding plan

Necessary strategy and procedures for the management of possible liquidity crisis are determined with the Contingency Funding Plan, which is approved and reviewed every year by the Executive Risk Committee. The actions to be taken favor the benefits of depositors, creditors of the Bank and shareholders. Indicators of Contingency Funding Plan were determined, in case of unexpected progress at the liquidity situation occur or at situations trigger of other indicators, plan is put into use. After Liquidity Contingency Plan is put into use, Liquidity Contingency Management Commitee is responsible from the determination of actions to be taken.

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5.8 Analysis of financial liabilities by remaining contractual maturities

The following table is prepared before the Bank's liabilities are undiscounted and based on the earliest date to the payment. Adjustment column shows the items that give rise to probable cash exit according to contractual terms at later period. The items that are mentioned are included the maturity analysis however they are not included in the balance sheet value of financial liabilities at the balance sheet.

	Up to 1 months	1-3 months	3-12 months	1-5 years	Above 5 years	Total	Adjustments	Balance Sheet Value
31 December 2021								
Funds Collected	192,783,651	12,117,184	6,927,390	273,478	3,686	212,105,389	-	212,105,389
Other Fundings	3,003,972	2,804,992	1,096,848	7,617,647	5,355,148	19,878,607	(3,456,137)	16,422,470
Funds provided under repurchase agreements	6,505,472	-	-	-	-	6,505,472	(10,335)	6,495,137
Finance Lease Payable	15,461	26,669	100,096	298,808	81,153	522,188	(169,813)	352,375
Total	**202,308,556**	**14,948,845**	**8,124,334**	**8,189,933**	**5,439,987**	**239,011,656**	**(3,636,285)**	**235,375,371**
31 December 2020								
Funds Collected	111,912,004	6,453,702	3,685,250	108,401	13,627	122,172,984	-	122,172,984
Other Fundings	2,946,289	1,536,929	6,603,951	4,548,423	2,694,681	18,330,273	(2,151,116)	16,179,157
Funds provided under repurchase agreements	185,613	-	-	-	-	185,613	(388)	185,225
Finance Lease Payable	14,454	25,221	107,700	296,820	83,384	527,579	(183,554)	344,025
Total	**115,058,360**	**8,015,852**	**10,396,901**	**4,953,644**	**2,791,692**	**141,216,449**	**(2,335,058)**	**138,881,391**

Maturity analysis for guarantees and contingencies

	Demand	Up to 1 months	1-3 months	3-12 months	1-5 years	Above 5 years	Unallocated	Total
31 December 2021								
Letters of Guarantee	5,951,487	150,932	753,786	3,141,516	1,741,609	107,255	-	11,846,585
Bills of Exchange and Bank Acceptances	11,063	28,513	43,712	30,395	-	-	-	113,683
Letters of Credit	1,312,914	483,662	1,094,602	1,409,737	220,205	-	-	4,521,120
Other guarantees	868,813	-	4,908	32,646	5,890	-	-	912,257
Pre-financings given as guarantee	-	-	-	-	-	-	-	-
Total	**8,144,277**	**663,107**	**1,897,008**	**4,614,294**	**1,967,704**	**107,255**	**-**	**17,393,645**
31 December 2020								
Letters of Guarantee	4,639,851	132,884	594,287	2,651,575	1,509,732	62,465	-	9,590,794
Bills of Exchange and Bank Acceptances	2,088	15,514	21,830	1,564	-	-	-	40,996
Letters of Credit	468,566	246,461	476,051	427,027	66,917	-	-	1,685,022
Other guarantees	464,044	1,820	1,984	65,962	8,336	4,536	-	546,682
Pre-financings given as guarantee	-	-	-	-	-	-	-	-
Total	**5,574,549**	**396,679**	**1,094,152**	**3,146,128**	**1,584,985**	**67,001**	**-**	**11,863,494**

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Contractual maturity analysis of derivative instruments

31 December 2021	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Derivatives financial assets held for trading						
Foreign exchange derivatives:						
Entry	21,499,095	12,291,878	2,172,566	1,507,265	-	37,470,804
Exit	21,133,881	12,051,355	2,028,973	887,348	-	36,101,557
Hedging purposes financial assets						
Foreign exchange derivatives						
Entry	-	-	-	-	-	-
Exit	-	-	-	-	-	-
Total Cash Inflow	**21,499,095**	**12,291,878**	**2,172,566**	**1,507,265**	**-**	**37,470,804**
Total Cash Outflow	**21,133,881**	**12,051,355**	**2,028,973**	**887,348**	**-**	**36,101,557**

31 December 2020						
Derivatives financial assets held for trading						
Foreign exchange derivatives:						
Entry	19,446,342	26,305,326	845,511	990,716	-	47,587,895
Exit	20,158,833	27,385,356	790,854	905,607	-	49,240,650
Hedging purposes financial assets						
Foreign exchange derivatives						
Entry	-	-	-	-	-	-
Exit	-	-	-	-	-	-
Total Cash Inflow	**19,446,342**	**26,305,326**	**845,511**	**990,716**	**-**	**47,587,895**
Total Cash Outflow	**20,158,833**	**27,385,356**	**790,854**	**905,607**	**-**	**49,240,650**

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5.9 Liquidity coverage ratio

	Current Period	**Total Unweighted Value (Average) (*)**		**Total Weighted Value (Average) (*)**	
		TL+FC	**FC**	**TL+FC**	**FC**
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	64,135,407	51,618,219	62,047,076	49,527,121
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	71,354,474	15,890,007	6,612,449	1,647,562
3	Stable deposits	16,313,868	-	857,744	-
4	Less stable deposits	55,040,606	15,890,007	5,754,705	1,647,562
5	Unsecured wholesale funding, of which:	35,009,977	25,635,623	17,253,337	12,176,783
6	Operational deposits	-	-	-	-
7	Non-operational deposits	31,329,312	23,556,794	13,592,650	10,111,219
8	Unsecured funding	3,680,665	2,078,829	3,660,687	2,065,564
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	33,541,312	29,408,292	33,356,957	29,330,487
11	Outflows related to derivative exposures and other collateral requirements	30,030,487	27,916,225	29,889,681	27,838,420
12	Outflows related to restructured financial Instruments	3,510,825	1,492,067	3,467,276	1,492,067
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	21,478,301	6,659,025	2,009,766	372,243
16	TOTAL CASH OUTFLOWS			59,232,509	43,527,075
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	23,198,611	17,994,662	19,160,744	16,105,357
19	Other cash inflows	30,908,665	27,198,914	30,798,615	26,938,870
20	**TOTAL CASH INFLOWS**	**54,107,276**	**45,193,576**	**49,959,359**	**43,044,227**
				Upper Limit Applied Value	
21	**TOTAL HQLA**			**62,047,076**	**49,527,121**
22	**TOTAL NET CASH OUTFLOWS**			**14,808,127**	**10,881,769**
23	**LIQUIDITY COVERAGE RATIO (%)**			**419.01**	**455.14**

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

The table below presents highest, lowest and average liquidity coverage ratios for the last 3 months of 2021:

	Highest	**Date**	**Lowest**	**Date**	**Average**
TL+FC	480.94	01/10/2021	366.24	29/10/2021	423.97
FC	524.29	01/10/2021	404.10	29/10/2021	460.19

The liquidity coverage rate is calculated by the proportion of high quality liquid assets held by the bank to its one month maturity cash outflows. Important balance sheet items that determine the rate; Compulsory provisions held by the CBRT, repo / non-repurchase securities, institutional qualified participation accounts, funds from abroad and receivables from banks. These items have more impact on the liquidity coverage ratio than the liquidity assets and net cash outflows, because they have a high share of the current cointegration, high concentration and variability over time.

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Liquidity risk management and liquidity coverage ratio (continued)

	Prior Period	**Total Unweighted Value (Average) (*)**		**Total Weighted Value (Average) (*)**	
		TL+FC	**FC**	**TL+FC**	**FC**
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	39,068,360	25,321,310	38,080,376	24,333,326
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	55,222,204	16,269,202	4,912,223	1,626,920
3	Stable deposits	12,199,949	-	609,997	-
4	Less stable deposits	43,022,255	16,269,202	4,302,226	1,626,920
5	Unsecured wholesale funding, of which:	20,699,800	14,334,947	9,768,113	6,436,532
6	Operational deposits	-	-	-	-
7	Non-operational deposits	19,114,478	13,722,941	8,182,791	5,824,526
8	Unsecured funding	1,585,322	612,006	1,585,322	612,006
9	Secured wholesale funding	-	-	-	-
10	Other cash outflows of which:	27,072,381	16,668,483	27,072,381	16,668,483
11	Outflows related to derivative exposures and other collateral requirements	26,666,918	16,668,483	26,666,918	16,668,483
12	Outflows related to restructured financial Instruments	405,463	-	405,463	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	17,419,235	4,734,432	1,535,367	240,049
16	TOTAL CASH OUTFLOWS		-	43,288,084	24,971,984
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	15,040,027	10,757,116	12,808,180	10,212,021
19	Other cash inflows	26,969,855	26,340,204	26,969,855	26,340,204
20	**TOTAL CASH INFLOWS**	**42,009,882**	**37,097,320**	**39,778,035**	**36,552,225**
				Upper Limit Applied Value	
21	**TOTAL HQLA**			**38,080,376**	**24,333,326**
22	**TOTAL NET CASH OUTFLOWS**			**10,822,021**	**6,242,996**
23	**LIQUIDITY COVERAGE RATIO (%)**			**351.88**	**389.77**

(*) The average of the calculated liquidity coverage ratio for the last three months based on the monthly simple arithmetic average

The table below presents highest, lowest and average liquidity coverage ratios for the last three months of 2020:

Prior Period:

	Highest	**Date**	**Lowest**	**Date**	**Average**
TL+FC	391.92	25/12/2020	313.44	13/11/2020	352.00
FC	476.29	25/12/2020	341.18	13/11/2020	388.57

The liquidity coverage ratio is calculated by the ratio of the high-quality liquid assets of the bank to the net cash outflows within the one-month maturity window. Important balance sheet items which are influential over the aforementioned ratio may be specified as required reserves held in the presence of TC Central Bank, securities not subject to repo/assurance, institutional qualified participation accounts, funds of foreign origins and receivables from banks. These items have a higher influence over the liquidity coverage ratio as their amounts have a higher share of liquid assets and net cash outflows, their consideration rate is higher and they may show variability over time.

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Presentation of assets and liabilities according to their remaining maturities

Current Period	Demand	Up to 1 month	1-3 Months	3-12 months	1-5 Years	Over 5 years	Unallocated (***)	Total
Assets								
Cash (cash in vault, effectives, cash in transit, Cheques purchased) and balances with the CBRT	29,249,563	36,205,529	-	-	-	-	-	65,455,092
Banks (*)	14,520,153	-	-	-	-	-	-	14,520,153
Financial assets at fair value through profit and loss	-	678,966	336,212	18,557	10,902,031	-	249,882	12,185,648
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	6,856,755	3,580,549	3,629,193	17,927,254	-	171,606	32,165,357
Loans (**)	-	11,195,990	16,563,509	41,926,057	46,505,579	4,099,982	(5,504,480)	114,786,637
Financial assets valued at amortized cost	-	-	4,310,237	-	488,377	-	(621)	4,797,993
Other assets (***)	2,416,534	1,167,673	4,215	-	1,713,575	-	4,855,383	10,157,380
Total Assets	**46,186,250**	**56,104,913**	**24,794,722**	**45,573,807**	**77,536,816**	**4,099,982**	**(228,230)**	**254,068,260**
Liabilities								
Current account and funds collected from banks via participation accounts	816,522	23	-	-	-	-	-	816,545
Current and profit sharing accounts	127,296,711	64,670,395	12,117,184	6,927,390	273,478	3,686	-	211,288,844
Funds provided from other financial institutions	-	2,866,229	2,732,511	635,865	5,531,502	4,656,363	-	16,422,470
Money market borrowings	-	6,495,137	-	-	-	-	-	6,495,137
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	2,458,969	244,814	-	-	-	-	-	2,703,783
Other Liabilities (****)	-	1,834,659	1,239,043	135,380	198,459	29,415	12,904,525	16,341,481
Total Liabilities	**130,572,202**	**76,111,257**	**16,088,738**	**7,698,635**	**6,003,439**	**4,689,464**	**12,904,525**	**254,068,260**
Net Liquidity Gap	(84,385,952)	(20,006,344)	8,695,477	37,875,172	71,533,377	(589,482)	(13,122,248)	-
Prior Period								
Total Assets	20,317,947	30,352,896	17,735,453	27,551,629	50,763,635	4,014,370	1,554,385	152,290,315
Total Liabilities	72,873,988	44,706,098	11,756,907	10,006,764	3,338,778	41,882	9,565,898	152,290,315
Net Liquidity Gap	(52,556,041)	(14,353,202)	5,978,546	17,544,865	47,424,857	3,972,488	(8,011,513)	-

(*) Expected losses are netted off with provision.
(**) Includes receivables from leasing transactions and presented with netting off with the expected credit loss.
(***) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, investments in associates and subsidiaries, stationary supplies and prepaid expenses are included under unallocated assets.
(****) The unallocated other liabilities consist of equity and provisions balances.

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6. Explanations on leverage ratio

Disclosure of leverage ratio template

The leverage ratio table prepared in accordance with the communiqué "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette no. 28812 dated 5 November 2013 is presented below:

	On-balance sheet assets (*)	***Current Period***	***Prior Period***
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	231,176,465	154,598,576
2	(Assets deducted in determining Tier I Capital)	(412,452)	(394,341)
3	Total on-balance sheet risks (sum of lines 1 and 2)	230,764,013	154,204,235
	Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative instruments and credit derivatives	1,374,232	629,764
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	624,826	482,894
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	1,999,058	1,112,658
	Securities or commodity financing transactions (SCFT)		
7	Risks from SCFT assets (excluding on-balance sheet)	2,231,136	2,119,201
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	2,231,136	2,119,201
	Other off-balance sheet transactions		
10	Gross notional amounts of off-balance sheet transactions	80,442,507	69,534,780
11	(Adjustments for conversion to credit equivalent amounts)	(44,108,586)	(42,998,895)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	36,333,921	26,535,885
	Capital and total risks		
13	Tier I Capital	12,759,904	9,608,320
14	Total risks (sum of lines 3, 6, 9 and 12)	271,328,128	183,971,979
	Leverage ratio		
15	Leverage ratio	4.70	5.22

(*) Amounts in the table are three-month average amounts.

The leverage ratio calculated on the basis of the arithmetic average of the the amounts realized at the end of each month for the past three-month period as of the Bank's solo balance sheet date was %4.70 % (31 December 2020 – 5.22 %). The main reason for the changes from the previous period is that the increase in the items related to the finance transactions secured by securitisation instruments and goods is higher compared to the increase in other items. Therefore, the core capital increased by 33% due to the profit for the period, balance-sheet risks increased by 50%, and off balance sheet items increased by 37%. Accordingly, the leverage ratio of the current period compared to the previous year shows a decrease of 52 basis points.

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7. Explanations on fair values of financial assets and liabilities

The table summarizes the book value and fair value of the financial assets and liabilities that were not accounted by the values in Bank's financial statements. Book value is the sum of the acquisition value and accumulated profit share accruals.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial assets				
Banks	14,522,944	5,809,467	14,522,944	5,809,467
Financial Assets at Fair Value Through Other Comprehensive Income	32,165,357	20,795,073	32,165,357	20,795,073
Financial Assets Aalued at Amortised Cost	4,798,614	5,931,297	4,796,006	5,944,038
Loans and Lease Receivables	120,291,117	76,119,457	119,146,879	74,722,351
Financial liabilities				
Current account and funds collected from banks via participation accounts.	816,545	367,936	816,545	367,936
Other current and profit sharing accounts	211,288,844	121,805,048	211,288,844	121,805,048
Money market borrowings	6,488,859	185,000	6,495,137	185,225
Funds provided from other financial institutions	16,422,470	16,179,157	16,150,582	17,177,284
Issued securities	-	-	-	-
Other Liabilities	4,376,751	1,818,168	4,376,751	1,818,168
Leasing payables	352,375	344,025	352,375	344,025

The estimated fair value of the loans is calculated by discounting future cash flows by using current market rates of profit share. The fair value of financial assets and liabilities carried at amortized cost other than loans, available for sales financial assets and funds provided from other financial institutions approximates to their book values since they are short term in nature and their effective profit share rates are similar with current effective profit rates.

8. Explanations on the activities carried out on behalf and account of other persons

The Bank does not perform purchases, sales and custody services in the name of others. The Bank has no fiduciary based transactions.

9. Explanations on hedge accounting practices

None (31 December 2020 – None).

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10. Explanations On Risk Management

Risk Management System refers to the Board of Directors, the Audit Committee, Risk Committee, Asset-Liability Committee and the Risk Management Department ("RMD") which has been composed in order to manage systemic risks that the Bank is exposed. The Board of Directors is the owner of the Bank's Risk Management System and ensures the establishment of an effective, sufficient and appropriate risk management system as well as the continuity of the system. The main objective of the Bank's Risk Management System is to identify, measure, monitor and control the risks that the Bank is exposed to, by determining the policies, limits and procedures to control, to monitor, and if necessary to change the risk-return structure of the Bank's future cash flows and the level & the quality of related activities.

10.1. Explanations on Risk Management and Risk Weighted Amounts

10.1.1. GBA – Bank's Risk Management Approach

What kind of an interaction does the Bank's risk profile has with the management board's risk appetize and how does the business model determine the Bank's risk profile and how it interacts with it (i.e. Key risks regarding the business model and each one of these risks' effect on the explanations);

Kuveyt Turk's business model fundamentally consisted of two main operating areas. These main areas are current accounts in accordance with the non-interest banking rules, collecting funds through profit/loss participation accounts and providing the usage of funds to its cilents through these funds and equity. The business model of the Bank occurs an exposure of some significant risks. These significant risks are evaluated and identified by the Bank's Internal Capital Competence Evaluation Process. Bank's risk strategy for all significant risks is formed in writing. Banks are required to form a structure which is composed of the policies and processes regarding determining the risk appetite and following it's units' compliance because of the regulation regarding the Banks Internal Systems and Internal Capital Competence Evaluation Process, numbered 29057 and published by the Official Gazette on 11 July 2014. In order to comply with this regulation Risk Appetite Policy is published by the Risk Management Leadership and approved by the Board of Directors. In accordance with the Bank's Risk Appetite Policy, risk levels and risk limits of each kind of risks which appeared important are collectively determined to achieve the Bank's goals and to actualize the Bank's strategies by taking the risk capacity of the Bank into consideration. Bank's risk strategy and risk limits are determined by the Board of Directors.

The units which perform the risk measurement and management are carrying out their businesses independently from execution units. Fundamentally, control and management activities devoted to credit, market, liquidity, operational and other significant risk types are occurred. Due to the business model, Risk Management Leadership strategically contribute to the Bank to identify, follow, measure and manage all risks which the Bank may expose. Credit Risk Management and Modelling unit which is one of the units which constitutes the Risk Management Leadership, carries out the risk measurement and management works regarding the credit risks. Market Risk, Operational Risk, Risk and Capital Planning Department which is another unit which carries out its businesses under the Risk Management Leadership, coordinates the Bank's capital planning works and manage risks regarding the market, operations, liquidity and other important risk types.

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Bank has a credit predominant active structure due to its main business model. Reflecting the Bank's business model, total actives, predominantly consisted of dues regarding receivables from leasing and cash loans. The Bank predominantly aims to grow sustainably by funding the real sector's financing and increasing the credit amount by taking the risk-return balance into the consideration. Within the frame of its business model, the main risk type which the Bank exposed/predicts to be exposed damage is credit risk. The significant risks within the scope of Bank's credit risks are as follows;

- Credit Risk states the possibility of loan loss which the Bank may expose due to the the partial or total nonpayment of its credit client on time in accordance with the contract made between the credit client and the Bank.
- Counterparty credit risk refers to the defaut risk of the counterparty of the transaction before the last payment in the cash flow of this transaction of which brings on obligation to both sides.
- Concentration risk covers risks arising from concentration between different types of risk or on an individual risk basis which may result in large losses that could threaten the bank's ability to maintain its core operations or its financial structure or which could cause significant changes in the bank's risk profile.

The bank is exposed to market risk due to its treasury transactions and other financial operatings. However, correspondingly with the risk appetite, the bank takes care to ensure that its market risk-generating assets have high credit rating and liquidity, and it does not carry a speculative foreign exchange position in order to hedge foreign exchange risk.

The bank is exposed to operational risk due to its operatings, processes carried out, human resources, systems and external resources. Operational risks in the bank are managed under the supervision of the Board of Directors within the framework of identifying, evaluating, monitoring and reducing/controlling the risks. The current risk management is considered to be in line with the size of the bank, taking into account the level and importance of the risk.

Explanations on risk reporting processes provided to the board of directors and senior management, in particular the scope and main content of the reporting,

Timely and comprehensive reporting of risks exposed within the scope of Risk management activities and risks arising from transactions carried out with the risk group of the Bank is carried out by the head of Risk Management. The Bank produces regular reports from the risk measurement models it uses and analyzes the reports. Risk measurement and risk monitoring results are reported to the Board of directors or to the Internal Systems Committee and senior management regularly and on time by the Risk Management Presidency.

The reports prepared include the level and development of significant risks and their effects on capital needs, the compliance of assumptions used in risk measurement and evaluation systems, the adequacy of the level of capital that the bank should hold for all important risks, its compliance with legal and internal capital targets and ratios, the need for future capital and changes to be made in, business continuity plans, etc. includes information.

The bank organizes a report on risk measurement, capital and liquidity planning and risk management capabilities under the scope of ICAAP at least once a year and in any case as of the end of the year.

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10.1.2. Overview of risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period 31/12/2021	Prior Period 31/12/2020	Current Period 31/12/2021
1	Credit risk (excluding counterparty credit risk) (CCR)	66,866,125	48,815,085	5,349,290
2	Standardised approach (SA)	66,885,604	48,833,540	5,350,848
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	789,083	245,378	63,127
5	Standardised approach for counterpary credit risk	789,083	245,378	63,127
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal model's equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	19,479	18,455	1,558
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% risk weighting Approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB supervisory formula approach	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	4,998,996	3,250,536	399,920
17	Standardised approach	4,998,996	3,250,536	399,920
18	Internal model approaches	-	-	-
19	Operational risk	10,167,312	7,473,031	813,385
20	Basic indicator approach	10,167,312	7,473,031	813,385
21	Standardised approach			
22	Advanced measurement approach			
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)			
24	Floor adjustment			
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**82,840,995**	**59,802,485**	**6,627,280**

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10.1.3. Differences and matching between asset and liabilities' carrying values in financial statements and in capital adequacy calculation:

Current Period	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards					
		Carrying values in legal consolidation prepared as per TAS	Credit Risk	Counterparty Credit Risk	Securization Positions	Market Risk	No subject to capital requirements or subject to deducation from capital
Assets							
Cash and Balances with Central Bank of Turkey	65,455,316	65,455,316	65,455,316	-	-	-	-
Banks	14,522,944	14,522,944	14,522,944	-	-	-	-
Receivables From Money Markets	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Profit and Loss	12,185,648	12,185,648	-	-	-	12,185,648	-
Financial Assets at Fair Value Through OCI	32,165,357	32,165,357	32,165,357	-	-	-	-
Financial Assets Measured at Amortised Cost	4,798,614	4,798,614	4,798,614	-	-	-	-
Derivative Financial Assets	1,643,354	1,643,354	-	1,643,354	-	-	-
Expected Loss Provisions (-)	8,583,525	8,583,527	2,787,895	-	-	-	5,795,632
Loans	111,440,591	111,440,591	111,660,523	-	-	-	-
Lease Receivables	11,925,935	11,925,936	11,925,936	-	-	-	-
Factoring Receivables	-	-	-	-	-	-	-
Property And Equipment Held For Sale Purpose And Related To Discontinued Operations (Net)	240,891	240,891	240,891	-	-	-	-
Subsidiaries	1,461,015	1,461,015	1,461,015	-	-	-	-
Jointly Controlled Entities (Joint Ventures) (Net)	20,000	20,000	20,000	-	-	-	-
Tangible Assets (Net)	1,222,598	1,222,598	1,222,598	-	-	-	73,968
Intangible Assets (Net)	248,187	248,187	248,187	-	-	-	233,519
Investment Properties (Net)	-	-	-	-	-	-	-
Current Tax Asset	-	-	-	-	-	-	-
Deferred Tax Asset	1,713,575	1,713,575	1,713,575	-	-	-	-
Other Assets	3,607,760	3,607,761	3,607,761	-	-	-	-
Total Assets	**254,068,260**	**254,068,260**	**246,254,822**	**1,643,354**	**-**	**12,185,648**	**(5,488,145)**
Liabilities							
Funds Collected	212,105,389	212,105,389	-	-	-	-	212,105,389
Borrowings	8,321,974	8,321,974	-	-	-	-	8,321,974
Debt to money markets	6,495,137	6,495,137	-	6,495,137	-	-	-
Securities Issued (Net)	-	-	-	-	-	-	-
Financial Liabilities at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Derivative Financial Liabilities	257,913	257,913	-	-	-	-	257,913
Lease Payables	352,375	352,375	-	-	-	-	352,375
Provisions	2,442,375	2,442,375	-	-	-	-	2,442,375
Current Tax Liabilities	1,158,997	1,158,997	-	-	-	-	1,158,997
Deferred Tac Liabilities	-	-	-	-	-	-	-
Subordinated Debt Instruments	8,100,496	8,100,496	-	-	-	-	8,100,496
Other Liabilities	4,376,751	4,376,751	-	-	-	-	4,376,751
Equity	10,456,853	10,456,853	-	-	-	-	10,456,853
Total Liabilities	**254,068,260**	**254,068,260**	**-**	**6,495,137**	**-**	**-**	**247,573,123**

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10.1.4 Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
1- Carrying Value of Assets in Accordance with TAS (as in template 1B)	254,068,260	246,254,823	-	1,643,354	12,185,648
2- Carrying Value of Liabilities in Accordance with TAS (as in template 1B)	-	-	-	6,495,137	-
3- Total net amount	254,068,260	246,254,823	-	8,138,491	12,185,648
4- Off-balance sheet amounts	154,328,304	8,193,056	-	1,621,200	73,572,361
5- Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7- Differences due to consideration of provisions	-	-	-	-	-
8- Differences due to prudential filters	-	(74,787,429)	-	-	-
9-Risk Amounts	**408,396,564**	**179,660,450**	**-**	**9,759,691**	**85,758,009**

10.2. General qualitative information on credit risk

10.2.1. How the business model translates into the components of the bank's credit risk profile

The business model of the Bank basically consists of two main business fields: collecting funds by means of current accounts and profit/loss participation accounts subject to the interest-free banking rules, and using those funds and equity funds to make funds available to customers. Because of these main business fields, the bank's assets have a credit-weighted structure. Reflecting this business model, its total assets are cash credit-weighted and financial leasing receivable-weighted. The bank lends funds to finance the real sector in general and increases its volume of credits by taking into account its risk-return balance to achieve sustainable growth.

The risk profile of the Bank indicates the types of risks to which it is exposed or expects to be exposed, and its risk level by type of risk. The largest type of risk to which the Bank is exposed or expects to be exposed within its current and target business model is the credit risk. Since the risk of concentration is one of the most important components of the credit risk, concentration limits were set by sector for the concentration risk. Internal limits are set for cash, non-cash and total credits for each of 20 different sectors. Limits were set for monitoring Defaulted Credit Exposures in mentioned sectors and for taking corrective measures. With regard to concentration of the credit risk, internal limits were set for the top 10, 20, 30, 40, 50 and 100 debtor/credit risk groups. Furthermore, country limits were set to avoid concentration in countries selected as part of the sovereign risk process.

10.2.2. Criteria and approach used for defining credit risk policy and for setting credit risk limits

The main purpose of the credit risk policy are to measure the counterparty risk undertaken as part of a credit transaction, to monitor the risk against the legal limits and the Bank's internal limits, to research new techniques and applications for measuring and controlling the risk, to monitor overdue receivables, to analyze the reason of overdue, and to take measures to prevent such reasons from repeating. The term 'credit risk' refers to the potential loss the bank might be exposed to because of credit borrowers' partial or full default of the credit agreements they signed with the bank. This term also includes the loss of market value because of the breakdown of the counterparty's financial position. This term includes both on-balance sheet and off-balance sheet transactions.

Risk limits are set by openly relating it with the Bank's volume on consolidated and non-consolidated basis within the financial system as part of its risk appetite structure. In this context the appetite for risk approved by the Board of Directors are divided between and allocated to other levels considered necessary by type of risk. The uses of the limits are closely monitored, and overdrafts are reported to the executive management for ensuring the necessary measures to be taken.

10.3. Structure and organization of the credit risk management and control function

Risk Control and Compliance Group works under the Risk Committee reporting to the Board of Directors. Risk Control and Compliance Group Manager and Risk Management Department Manager working under the former are in charge of and responsible for the strategies and policies approved by the Board of Directors and for performing the other tasks assigned by the Risk Committee. Credit Risk Management and Modeling Unit is one of the units comprising the Risk Management Department performs the risk measurement and management tasks concerning the credit risk.

10.4. Relations between the credit risk management, risk control, compliance and internal audit functions

The units within the scope of internal systems have been established within the organizational structure of the Bank depending on the Board of Directors. The Board of Directors has transferred its duties and responsibilities related to risk management, internal control and compliance to the Risk Committee consisting of three members of the board of directors. The Risk Management Department, the Internal Control Department and the Compliance Department carry out their activities under the supervision and coordination of the Risk Committee. The Board of Directors carries out its duties and responsibilities related to internal audit through the Audit Committee, which consists of three members of the Board of Directors. The Chairman of the Board of Inspectors performs internal audit activities under the supervision and coordination of the Audit Committee.

The internal control function of the Bank is performed by the Internal Control Department. Internal Control System has been founded in such a manner to be capable and efficient to mitigate, manage, monitor and control the exposure risks of the Bank in accordance with the Bank's organizational structure and business fields as well as changing circumstances, and covers all domestic and international branches, head office, consolidated subsidiaries and all business activities of the Bank. The internal control system and internal control activities of the Bank are designed by the Internal Control Department in cooperation with the relevant management executives and are performed at a sufficient and efficient extent.

Compliance Department is in charge of managing the bank's compliance risk and taking it under control in an efficient way, forecasting and preventing the risk in question, and ensuring the bank's activities to comply with the applicable laws and regulations.

Risk Management Department performs the tasks of determining, measuring and managing the exposure risks of the bank. An efficient risk management system infrastructure has been established for credit risk management tasks, credit policy, and risk management activities falling within the credit risk policy. The internal credit risk limits set by the Board of Directors are measured and reported at regular intervals to the Risk Committee.

Audit Department is in charge of assuring the Board of Directors and the executive management that the Bank's business activities are performed in accordance with the Banking Law, other applicable laws and regulations and the internal strategies, policies, principles and targets of the bank, and that the internal control and risk management systems are efficient and sufficient.

10.5. Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the Board of Directors

Risk Management Report for the Executive Management, which is the basic report presented to the Board of Directors and the executive management, is prepared quarterly. The report in question contains the basic subjects described below.

Quality of the assets are analyzed in accordance with the classification specified in the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside and the assets are compared with those of the previous fiscal period to monitor the sustainability of the asset quality. The report describes the credit risk limits and the figures realized in the relevant fiscal period. Credits lent in 20 different economic sectors are monitored by cash, non-cash and total credits. Credit shares and development trends of the economic sectors are monitored. The risk limits set in accordance with the Bank's appetite for risk and the figures realized are explained. Observed key risk indicators include the ratio of credit risk-weighted items over the total assets, the ratio of the total gross amount of defaulted credits over the total financing (cash credits) portfolio and their distribution by sector, distribution of guarantees by guarantee group, the ratio of the top 10/20/30/40/50/100 risks over the total financing (cash and non-cash credits) portfolio, and the ratio of write-off.

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Distribution of cash credits by maturity term is monitored. Detailed information is given about the top 10 customers against whom internal or legal proceedings were filed, their limits, risks, guarantees and provisions, description of their sectors and their state are described. The trend of restructured credits is monitored. Also, loans to risk group of the Bank are reported.

Sovereign ratings, limits and used limits are monitored and compared with the previous fiscal year.

The Bank creates credit portfolios in accordance with its internal segment structure. These segments are divided into sub-segments. Risks realized for cash, non-cash and total credits are monitored by each of these portfolios.

Real estate price indexes are analyzed to monitor whether the values of the real estates received as guarantees for the funds lent have increased or decreased. These real estates are also monitored by subcategory in accordance with the classification of regions published by the Turkish Central Bank. They are also compared with the House Price Index of Turkey published by the Turkish Central Bank.

Credit quality of assets

Current Period		Gross amount valued as per TAS and presented in the financial statements prepared according to legal consolidation		Provisions / depreciation and impairment	Net amount
		Defaulted	Non-Defaulted		
1	Loans	3,075,409	120,511,050	2,787,895	120,798,564
2	Debt securities	-	37,255,610	291,639	36,963,971
3	Off-balance sheet exposures (*)	527,586	30,379,913	522,426	30,385,073
4	**Total**	**3,602,995**	**188,146,573**	**3,601,960**	**188,147,608**

(*) Accruals of derivative transactions are presented as net amounts under impairments.

Prior Period		Gross amount valued as per TAS and presented in the financial statements prepared according to legal consolidation		Provisions / depreciation and impairment	Net amount
		Defaulted	Non-Defaulted		
1	Loans	2,934,591	76,201,259	2,517,875	76,617,975
2	Debt securities	-	26,921,122	210,952	26,710,170
3	Off-balance sheet exposures (*)	451,931	19,502,927	439,754	19,515,104
4	**Total**	**3,386,522**	**122,625,308**	**3,168,581**	**122,843,249**

(*) Accruals of derivative transactions are presented as net amounts under impairments.

Changes in Stock of Defaulted Loans and Debt Securities

		Current Period	Prior Period
1	Defaulted loans and debt securities at end of the previous reporting period	2,934,591	2,043,674
2	Loans and debt securities that have been defaulted since the last reporting period	1,298,362	1,603,148
3	Receivables back to non-defaulted status	-	-
4	Amounts written off	397,786	360,809
5	Other changes	(759,758)	(351,422)
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)**	**3,075,409**	**2,934,591**

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10.6. Qualitative disclosures related to the credit quality of assets

10.6.1 Scope and definitions of "overdue" and "provision allocated" receivables for accounting purposes and the differences of definitions between "overdue" and "provision allocated", if any

Overdue receivables: Overdue receivables and provision allocated receivables are determined according to the Communique on Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves. Provision for receivables: All financial instruments other than those covered by TFRS 9 and whose fair value is reflected in the profit / loss.

10.6.2. The part of the overdue receivables (past 90 days) for which provision is not allocated and reasons for this application

All loans that have completed the delay process determined in accordance with the legal regulations within the relevant month in the Bank are automatically taken into follow-up accounts and are subject to special provision. In very exceptional cases and due to a court decision, the delay process is stopped, and the Bank's loan amount in this context is insignificant as of December 31, 2021.

10.6.3. Definitions of the methods used when determining the provision amount

TFRS 9 requires a 12-month expected credit loss provision for all financial assets in Stage 1 and the expected credit loss for all other financial assets. 12-month expected credit loss represents the portion of the expected credit loss from probable default events within 12 months after the reporting date. Lifetime losses are losses from all possible default events during the expected life of the financial instrument after the reporting date. Lifetime refers to the maturity of the financial instrument. In non-maturity financial instruments, the bank calculates the behavioral maturity and uses this to calculate the expected loan loss. The ECLs are calculated at each instrument level by taking into account the projected cash flows, the PoP (Probability of Probation), the DoL (Default on Loss), the CCR (Credit Conversion Rate) and the discount rate. In small, very unimportant and unrated portfolios, the ECL can be estimated on a collective basis.

10.6.4. Definition of restructured receivables

The financial terms in existing financial difficulties may be amended to facilitate payment of the debt, and the original loan terms that were previously signed can be changed according to the borrower's new financing power and structure when the loan cannot be repaid or a potential non-repayment is encountered. In order for a loan to be considered as restructured, the debtor must be in financial difficulty and the debtor must be provided with the concession requirements for changing the loan conditions.

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10.6.5. Breakdown of exposures by geographical areas, industry and ageing

Distribution of cash receivables by sectors is as follows:

Sector	Current Period – Cash Loan Amount	Prior Period – Cash Loan Amount
Individual	14,874,360	13,909,479
Other Services	6,840,496	4,640,643
Education	419,228	341,268
Real Estate and Brokerage	1,133,378	789,411
Financial Services	10,301,048	3,565,746
Food, Beverage, Tobacco	4,161,290	2,298,695
Government	1,915,895	1,658,117
Production	6,210,038	3,929,433
Construction (Commitment)	11,638,588	7,182,415
Construction (Build-and-sell)	5,110,897	4,227,056
Public Services (Electricity, Water & Gas)	9,088,310	4,714,626
Mining & Chemistry	7,440,687	4,210,197
Machinery Equipment	1,645,501	663,178
Automative	4,152,816	2,754,410
Oil, Gas and Oil Products	481,438	1,288,244
Health	1,300,213	975,627
Agriculture	776,903	494,186
Textile	10,747,052	5,637,005
Wholesale & Retail	21,038,103	13,548,557
Tourism	592,941	416,342
Transportation & Warehouse	3,497,344	1,809,413
Total	**123,366,526**	**79,054,048**

The distribution of cash receivables by geographical regions is as follows:

Region	Current Period – Cash Loan Amount	Prior Period – Cash Loan Amount
Akdeniz Region	8,885,628	5,664,298
Dogu Anadolu Region	1,992,872	1,580,628
Ege Region	5,796,850	5,077,225
Güneydogu Anadolu Region	7,766,209	4,585,283
Iç Anadolu Region	20,384,485	13,976,577
Karadeniz Region	3,334,466	2,581,377
Marmara Region	66,450,397	44,902,262
Foreign	8,755,619	686,398
Total	**123,366,526**	**79,054,048**

The maturity distribution of cash receivables is as follows:

Maturity Distribution	Current Period – Cash Loan Amount	Prior Period – Cash Loan Amount
Up to 1 year	56,323,893	29,154,405
1-3 years	32,607,859	24,016,037
3-5 years	18,958,672	12,965,628
5 years and more	14,413,860	11,567,101
Defaulted	1,062,242	1,350,877
Total	**123,366,526**	**79,054,048**

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10.6.6. Provisions based on geographical and sectoral concentration and written off amounts

Current Period - Sector	Non-Performing Loans	Specific Provisions	Write-Offs (*)
Agriculture	**33,900**	**30,204**	**16,621**
Farming and Stockbreeding	14,129	12,827	13,796
Forestry	19,771	17,377	2
Fishery	-	-	2,823
Manufacturing	**561,557**	**490,917**	**95,011**
Mining and Quarrying	155,218	140,135	15,618
Production	396,355	341,057	77,918
Electricity, Gas and Water	9,984	9,725	1,475
Construction	**1,185,613**	**1,107,079**	**112,898**
Services	**1,150,166**	**1,034,267**	**153,591**
Wholesale and Retail Trade	699,548	621,122	108,525
Accomodation and Dining	147,909	137,120	2,094
Transportation and Telecommunication	95,547	85,323	33,408
Financial Institutions	5,529	5,503	-
Real Estate and Rental Services	48,889	44,636	902
Professional Services	-	-	-
Educational Services	113,883	106,375	1,148
Health and Social Services	38,861	34,188	7,514
Other	**144,173**	**125,428**	**19,665**
TOTAL	**3,075,409**	**2,787,895**	**397,786**

Prior Period - Sector	Non-Performing Loans	Specific Provisions	Write-Offs (*)
Agriculture	**50,399**	**38,958**	**18,921**
Farming and Stockbreeding	28,780	23,340	2,283
Forestry	18,341	12,340	16,638
Fishery	3,278	3,278	-
Manufacturing	**446,459**	**390,889**	**45,388**
Mining and Quarrying	62,382	53,334	6,621
Production	349,118	306,499	38,320
Electricity, Gas and Water	34,959	31,056	447
Construction	**1,274,309**	**1,135,664**	**86,652**
Services	**1,018,028**	**853,605**	**186,508**
Wholesale and Retail Trade	646,277	552,266	66,467
Accomodation and Dining	105,965	88,081	919
Transportation and Telecommunication	95,954	77,281	114,419
Financial Institutions	3,939	3,865	-
Real Estate and Rental Services	38,410	32,504	1,084
Professional Services	183	146	-
Educational Services	67,631	52,426	416
Health and Social Services	59,669	47,036	3,203
Other	**145,396**	**98,759**	**23,340**
TOTAL	**2,934,591**	**2,517,875**	**360,809**

(*) Refers to the loans worth TL 110,353 that were deleted in 2020, one hundered percent provisioned from non-performing loans and sold to an asset management company.

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Current Period - Geopraphic Region	Non-performing Loans	Provisions	Write-Offs
Marmara Region	1,667,765	1,478,442	278,636
Güneydogu Anadolu Region	137,832	132,291	15,193
Iç Anadolu Region	824,963	768,159	38,553
Akdeniz Region	175,919	162,414	22,065
Ege Region	165,289	154,071	23,998
Dogu Anadolu Region	69,691	61,411	15,132
Karadeniz Region	33,950	31,107	4,209
Total	**3,075,409**	**2,787,895**	**397,786**

Prior Period - Geopraphic Region	Non-performing Loans	Provisions	Write-Offs (*)
Marmara Region	125,209	111,948	125,413
Güneydogu Anadolu Region	38,755	35,916	3,520
Iç Anadolu Region	189,331	162,867	14,773
Akdeniz Region	227,320	187,949	15,544
Ege Region	755,803	683,200	23,859
Dogu Anadolu Region	34,373	28,682	3,481
Karadeniz Region	1,563,800	1,307,313	174,219
Total	**2,934,591**	**2,517,875**	**360,809**

(*) Includes loans deleted from assets in 2020 and the amount of TL 110,353 that has been reserved for 100% of non-performing loans and sold to an asset management company

10.6.7. Aging analysis for non-performing loans

Current period	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and Over
Corporate and Commercial Loans	258,270	261,972	2,135,269	229,408	89,846
Retail Loans	5,054	7,683	16,870	42,272	4,852
Credit cards	10,422	6,016	5,515	1,671	289
Other	-	-	-	-	-
Total	**273,746**	**275,671**	**2,157,654**	**273,351**	**94,987**

Prior Period	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and Over
Corporate and Commercial Loans	713,826	554,630	1,426,747	115,934	38,185
Retail Loans	4,959	12,756	41,077	7,062	1,322
Credit cards	2,534	6,615	7,820	855	269
Other	-	-	-	-	-
Total	**721,319**	**574,001**	**1,475,644**	**123,851**	**39,776**

10.6.8. Breakdown of Restructured receivables according to their provisions

Restruction Status	Current Period - Risk	Prior Period - Risk
Performing	3,215,853	2,624,343
Non-Performing	617,163	264,327
Total	**3,833,016**	**2,888,670**

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10.7. Credit Risk Mitigation

10.7.1 Qualitative information on Credit Risk Mitigation Techniques

Within the framework of the credit transactions carried out by the bank, all the collateral documents received in the presence of the branch personnel are checked by the branch operations staff and forwarded to the collateral follow-up Directorate through the main banking application. The systematic entries of the guarantees are completed by the personnel of the guarantee follow-up directorate where signature compliance, authorization checks and validity examinations are performed.

10.7.2 Credit risk mitigation techniques

	Current Period	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	78,360,551	35,189,340	3,119,489	7,248,673	5,915,415	-	-
2	Debt securities	36,963,971	-	-	-	-	-	-
3	**Total**	**115,324,522**	**35,189,340**	**3,119,489**	**7,248,673**	**5,915,415**	**-**	**-**
4	Overdue	74,887	168,958	13,189	43,669	27,132	-	-

	Prior Period	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	48,988,853	19,931,237	1,520,524	7,697,885	5,885,160	-	-
2	Debt securities	26,710,170	-	-	-	-	-	-
3	**Total**	**75,699,023**	**19,931,237**	**1,520,524**	**7,697,885**	**5,885,160**	**-**	**-**
4	Overdue	106,245	108,086	1,296	202,384	62,408	-	-

10.8. Explanations on Counterparty Credit Risk (CCR)

10.8.1. Risk management objectives and polices for CCR

Determination of the creditworthiness of financial counterparties has been made in addition to the Credit Policy of the Bank in accordance with the regulations published by BRSA and the international practices in order to limit the exposure to be suffered by the Bank in case of financial counterparty default. This annex describes allocation of limit to financial counterparties and continuous monitoring activities. In this respect, the creditworthiness assessments of the financial and non-financial entities for CCRs especially including sovereign assessments and limits are finally decided by the committees specified under the Policy.

10.8.2. The method used to allocate the operatioal limits defined in terms of internal capital for CCR and central counterparty risks

Internal model method is not used for calculating the capital requirements for counterparty credit risk and central counterparty risks.

10.8.3. Policies relating to guarantees and other risk mitigation and assessments concerning counterparty credit risk, including central counterparty risk

All of the Bank's counterparty credit risk and central counterparty limits are non-committed limits and they include cash, non-cash and guarantee limits. In case of any transactions involving non-cash risk exposure, the reassurance of the organizations such as International Development Banks is used. If required, cash collateral is sought in order to minimize the exposure. In case of transactions involving cash risk exposure, the risk exposure is mitigated by obtaining shares and bills (sukuk) as security.

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10.8.4. Rules with respect to wrong-way risk

Internal model is not used for CCR; and as such, no calculation is made with respect to the wrong-way risk.

10.8.5. The impact in terms of the amount of collateral that the bank is required to provide in case of a credit rating downgrade

In case of a decrease in the credit rating, there is no additional collateral amount that our bank has to provide.

10.8.6. Counterparty credit risk (CCR) approach analysis

	Current Period	Replacement Cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	Risk amount after credit risk mitigation	Risk weighted amounts
1	Standardised Approach CCR (for derivatives) (*)	1,136,314	484,886		1.4	1,621,200	770,407
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						
6	**Total**						**770,407**

	Prior Period	Replacement Cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	Risk amount after credit risk mitigation	Risk weighted amounts
1	Standardised Approach CCR (for derivatives) (*)	391,995	582,299		1.4	974,294	212,440
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						
6	**Total**						**212,440**

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10.8.7. Capital requirement for credit valuation adjustment (CVA)

		Current Period		Prior Period	
		Risk amount (after using credit risk mitigation techniques)	Risk weighted amounts	Risk amount (after using credit risk mitigation techniques)	Risk weighted amounts
Total portfolios subject to the Advanced CVA capital obligation					
1	(i) VaR component (including the 3×multiplier)	-	-	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-
3	All portfolios subject to the Standardised CVA capital obligation	1,621,200	18,676	974,294	32,939
4	**Total subject to the CVA capital obligation**	**1,621,200**	**18,676**	**974,294**	**32,939**

10.8.8. CCR exposures by risk class and risk weights

	Risk Classes / Risk Weights *	0%	10%	20%	50%	75%	100%	150%	200%	Others **	Total credit risk*
1	Receivables from central governments and Central Banks	5,221,288	-	-	-	-	-	-	-	-	-
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	-	-	560,270	773,915	-	-	-	-	-	499,012
7	Receivables from corporate	-	-	-	-	-	232,801	-	-	-	232,801
8	Retail receivables	-	-	-	-	32,436	-	-	-	-	24,327
17	Other receivables	-	-	-	3,984	-	10,259	-	-	5,760	14,267
18	**Total**	**5,221,288**	**-**	**560,270**	**777,899**	**32,436**	**243,060**	**-**	**-**	**5,760**	**770,407**

* Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.
** 35% Risk Weight is classified in Others.

	Prior Period - Risk Classes / Risk Weights *	0%	10%	20%	50%	75%	100%	150%	200%	Others **	Total credit risk*
1	Receivables from central governments and Central Banks	456,708	-	-	-	-	-	-	-	-	-
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	-	-	579,192	38,928	-	-	-	-	-	135,302
7	Receivables from corporate	-	-	-	-	-	59,147	-	-	-	59,147
8	Retail receivables	-	-	-	-	17,793	-	-	-	-	13,345
9	Other receivables	-	-	-	-	-	-	-	-	-	-
18	**Total**	**456,708**	**-**	**579,192**	**39,435**	**17,793**	**62,612**	**-**	**-**	**2,648**	**212,440**

* Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.
** 35% Risk Weight is classified in Others.

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11. Securitization Positions

None.

12. Explanations on the activities carried out on behalf and account of other persons, fiduciary-based transactions

The Bank does not perform purchases, sales and custody services in the name of others. The Bank has no fiduciary-based transaction agreements.

13. Qualitative explanations on market risk

13.1. Bank's processes and strategies

Procedures for the identification, measurement, monitoring and control of the market risk of the bank, as well as processes for risk protection and strategies/processes for monitoring of the continuity of the hedging effectiveness, as well as the strategic objectives for the bank's trading activities.

Risk management activities are consisting of the measurement, monitoring, control and reporting of the risks, arising from risks incurred on the consolided and solo basis and transactions carried out with the risk group that the Bank is involved in. These activities are carried out by the Bank's Risk Management Department.

The definition of the market risk is made by legislation within the scope of the Pillar 1 risks. The components of the market risk that do not fall within the scope of Pillar 1 risks are assessed internally. This process is carried out by the Risk Management Department with the consultation to other relevant departments.

Measurement of the market risk is carried out by the Risk Management Department. Market risk is measured by the standard method as specified in the third part of the Regulation on the Measurement and Evaluation of Banks' Capital Adequacy. The Risk Management Department adopts international standardized methods and advanced statistical methods, which are included in the legislation, in the measurement of risks falling within the scope of the Pillar 2. Developed models as well as the stress tests and scenario analysis are used in the measurement and monitoring of the market risk.

The primary purpose of market risk is for the bank's risk exposure to be within the limits specified by the legislation and to be in accordance with the Bank's risk appetite. In this context, market risk is periodically measured, monitored and reported.

Risk limits related to market risk are established in accordance with The Parent Bank's Risk Appetite Policy. Aforementioned risk limits are determined by the Board of Directors and reviewed at least once a year. Limit usages are closely monitored.

Risk mitigation techniques have been applied in line with the size and complexity of the undertaking market risk and the controls are implemented in order to ensure their effectiveness.

Treasury Group Department monitors foreign currency positions and cash flows on behalf of the Bank.

Moreover, new products and projects are examined in terms of market risk management and appropriate internal controls are implemented in case of necessity.

The Bank's strategic objectives for trading activities are given below.

- Ensure that the bank's lease certificate portfolio is managed at the optimum level within the risk-return balance limits
- Implement transaction by taking into account the future prospects of market developments/movements and the framework of trading opportunities in the current market prices
- Invest in Sukuk (lease certificates) as an alternative investment tool to manage the liquidity profitably

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13.2. The organization and structure of the market risk management function

Definition of the market risk management structure established for the implementation of the bank's strategies and processes and the communication mechanism and relationship between the different parties involved in market risk management, as described in paragraph 1 of 12.1.

The market risk service operates under the Deputy Head responsible from the Market Risk, Operational Risk and Capital Planning within Risk Management Department. This service directly reports to the Board of Directors through the Risk Systems Committee. The results of risk measurement and risk monitoring are shared with other related units. The activities coordinated within the Internal Capital Adequacy Assessment Process are carried out together with other relevant departments of the Bank.

13.3. Structure and scope of risk reporting and/or measurement systems

Within the scope of risk management system, the Bank established a reporting system which ensures effective analysis and evaluation for market risks. The risk measurement and risk monitoring results is reported to the Risk Committee on a timely manner.

There is a risk measurement system which covers the scope and complexity of significant market risk components including transactions and operations exposed to market risk. This system is being audited regularly.

The details of the market risk calculated as of 31 December 2021 and 31 December 2020 in accordance with the principles in the third part of the "The Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette numbered 29511 and dated 23 October 2015 are as follows:

13.4. Market risk under standardised approach

		Risk Weighted Amounts	Risk Weighted Amounts
		Current Period	**Prior Period**
	Outright products	**4,998,996**	**3,250,536**
1	Profit share risk (general and specific)	3,066,259	1,921,915
2	Equity risk (general and specific)	36,702	-
3	Foreign exchange risk	351,879	141,109
4	Commodity risk	1,544,156	1,187,512
	Options	-	-
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	**Securitisation**	-	-
9	**Total**	**4,998,996**	**3,250,536**

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13.5. Explanations on Operational Risk

"Basic Indicator Method" is used in operational risk calculation of the Bank. The sum that is the basis for the operational risk is calculated by the use of the gross revenues of the Bank for the last 3 years, 2020, 2019 and 2018 in compliance with "Third Section "Calculation of the Operational Risk" of The Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks published in the Official Gazette numbered 29111 and dated 6 September 2014. The annual gross revenue is calculated by addition of the net fees and commission revenues, dividend income obtained other than subsidiaries and affiliates, the trading gain/loss(net) and other operating income to the net profit share income and by deduction of the gain/loss from the sale of the assets accounted other than the trading book, extraordinary income, the operational expenses for the support services taken from the main shareholder of the bank, subsidiary of the bank or subsidiary of the shareholder of the bank performing the calculation or the institutions which are subject to the relevant Regulation or the equivalent arrangements and the operational expenses for the support service taken from a bank and the amounts compensated from insurance. TL 14,138,871 corresponding to the 8% of TL 1,131,110 used in the calculation of the operational risk within the scope of "Capital adequacy standard rate" indicated in the disclosure I of this section, represents the operational risk which might be exposed to. TL 1,131,110 also defines the minimum capital sum which is required in order to eliminate the mentioned risk.

Current Period	**31/12/2018 Amount**	**31/12/2019 Amount**	**31/12/2020 Amount**	**Total/ No. of Years of Positive Gross**	**Rate (%)**	**Total**
Gross Income	3,992,162	5,225,501	7,050,036	5,422,566	15	813,385
Value at Operational Risk (Total*12.5)						10,167,312

Prior Period	**31/12/2017 Amount**	**31/12/2018 Amount**	**31/12/2019 Amount**	**Total/ No. of Years of Positive Gross**	**Rate (%)**	**Total**
Gross Income	2,739,187	3,992,162	5,225,501	3,985,617	15	597,843
Value at Operational Risk (Total*12.5)						7,473,031

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13.6. Profit-share rate risk related to banking book

13.6.1. Economic value differences arising from fluctuations in profit share rates in accordance with the regulation on measurement and evaluation of profit share rates derived from banking accounts with standard shock method

Current Period:

	Currency	Applied Shock (+/- x basis points)	Gains/ Losses	Gains/Shareholder's equity - Losses/shareholder's equity
1	TL	(+) 500bp	(521,604)	(2.73%)
2	TL	(-) 400bp	486,326	2.55%
3	USD	(+) 200bp	748,776	3.92%
4	USD	(-) 200bp	(792,981)	(4.15%)
5	EURO	(+) 200bp	162,645	0.85%
6	EURO	(-) 200bp	(158,010)	(0.83%)
	Total (For Negative Shocks)		**(464,665)**	**(2.43%)**
	Total (For Positive Shocks)		**389,817**	**2.04%**

Prior Period:

	Currency	Applied Shock (+/- x basis points)	Gains/ Losses	Gains/Shareholder's equity - Losses/shareholder's equity
1	TL	(+) 500bp	(1,930,380)	(15.27%)
2	TL	(-) 400bp	1,815,712	14.36%
3	USD	(+) 200bp	471,594	3.73%
4	USD	(-) 200bp	(514,239)	(4.07%)
5	EURO	(+) 200bp	371,746	2.94%
6	EURO	(-) 200bp	(385,722)	(3.05%)
	Total (For Negative Shocks)		**915,751**	**7.24%**
	Total (For Positive Shocks)		**(1,087,040)**	**(8.60%)**

13.7. Risk management objectives and policies

In accordance with Bank's strategies, risk policies and vision, the analysis that Risk Management Service presents to Risk Committee are credit risks, market risks, liquidity risks, operational risks and IT risk evaluations. Besides, in accordance with market trends, economic conduct and Bank's strategic growth, capital adequacy stress test and scenario analyses, evaluation of economic development in the World and Turkey is presented to Risk Committee and Board of Directors by Risk Management Service. These analyses contribute to Bank Top Management's resolution process about risk appetite and awareness of risks, capital adequacy, strategy revisions and future estimation.

In addition, Risk Management Service verifies its own coordination to be ready proactively in business availability of Kuveyt Türk and situations connected with it.

Risk Management Service continues risk monitoring and analyzing operations in accordance with Board of Director's Kuveyt Türk's mission, vision and growth strategy to prevent the potential risks. In this context credit and market risks, liquidity risk, operational risks and all limits, internal personal scoring and corporate rating modeling with IT risks issues, IT risk evaluation, operational lost data base, key risk indicators, operational risk insurances, market risk calculations, following up of treasury transactions and asset-liability risks are being monitorized.

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Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Financial instruments valued by applying methods that are based on observable market prices, directly or indirectly, on data that has significant effect on the fair value reflected in the inputs

Level 3: Financial instruments valued by applying methods that are not based on observable market prices, directly or indirectly, on data that has significant effect on the fair value reflected in the inputs.

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles as of 31 December 2021 and 31 December 2020 are given in the table below:

Current Period	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	12,185,648	1,643,354	-	13,829,002
Forward transactions	-	358,296	-	358,296
Swap transactions	-	1,285,058	-	1,285,058
Government debt securities	11,035,607	-	-	11,035,607
Other marketable securities	-	1,150,041	-	1,150,041
Financial assets at fair value through other comprehensive income	32,165,357	-	-	32,165,357
Equity securities	82,887	-	-	82,887
Government debt securities	31,706,197	-	-	31,706,197
Other marketable securities	-	376,273	-	376,273
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	257,913	-	257,913
Forward transactions	-	132,843	-	132,843
Swap transactions	-	125,070	-	125,070
Financial liabilities for hedging purposes	-	-	-	-

Prior Period	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	7,839,447	460,984	-	8,300,431
Forward transactions	-	52,326	-	52,326
Swap transactions	-	408,658	-	408,658
Government debt securities	7,050,998	-	-	7,050,998
Other marketable securities	-	788,449	-	788,449
Financial assets at fair value through other comprehensive income	20,795,073	-	-	20,795,073
Equity securities	48,461	-	-	48,461
Government debt securities	20,489,638	-	-	20,489,638
Other marketable securities	-	256,974	-	256,974
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	1,676,806	-	1,676,806
Forward transactions	-	26,008	-	26,008
Swap transactions	-	1,650,798	-	1,650,798
Financial liabilities for hedging purposes	-	-	-	-

No transfers have taken place between Level 1 and Level 2 in the current year.

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14. Explanations on business segments

The Bank operates in Corporate and Commercial Banking, Retail Banking, Treasury and International Banking sectors.

Corporate and Commercial Banking: Special cash flow and financial solutions are provided to customers through loans, non-cash loans, foreign trade financing services and similar customized products to meet the financial needs of the customers. Domestic and foreign business opportunities are supported by using different corporate banking instruments to serve the sustainability of the production of entities.

Retail Banking includes fund collection, installment commercial loans, business loans, non cash loans, consumer financing and credit cards. The Bank serves in the range of products areas of profit share accounts creation, banking services, trade finance, checks, POS services, credit cards, ATM services, online banking and mobile banking in these fields.

In Treasury and International Banking, the relationships with foreign correspondent banks and investment institutes are executed directly or via branches abroad, representative offices and agencies. The firms, which are exceed size limits, are classified “corporate” customers and directed to the Corporate Banking. The products are the same with the Commercial Banking. The aim of international banking is to enable foreign trade financing and develop mutual long-term financing agreements with foreign banks. Besides supplying syndicated loans and issue the Sukuk for the Bank, investment banking also supplies syndicated loans in corporate basis for the firms and groups in Turkey. The Treasury in addition to monitoring foreign currency position and liquidity of the Bank, also conducts spot and forward transactions in TL or foreign currencies, performs derivative transactions (forward, swap) with banks and customers, trades of gold within the context of membership of Istanbul Gold Exchange, trades share certificates in BIST and international markets and conducts murabaha transactions with foreign banks.

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Selected balance sheet and income statement items according to segments

Current Period **1 January 2021-31 December 2021**	**Retail Banking**	**Corporate and Commercial banking**	**Treasury and international banking**	**Unallocated**	**Bank's total operation**
Operating income	7,439,309	7,973,873	1,670,880	-	17,084,062
Operating expenses (-)	7,168,940	2,356,186	1,416,232	2,595,338	13,536,696
Transfers between segments	3,536,129	(3,394,812)	(141,317)	-	-
Net operating income(loss)	**3,806,498**	**2,222,875**	**113,331**	**(2,595,338)**	**3,547,366**
Income from associates	-	-	-	-	-
Income (loss) before tax	3,806,498	2,222,875	113,331	(2,595,338)	3,547,366
Provision for taxation (-)	-	-	-	1,045,639	1,045,639
Net income for the period	**3,806,498**	**2,222,875**	**113,331**	**(3,640,977)**	**2,501,727**
Current Period **31 December 2021**					
Segment assets	37,357,906	77,548,111	130,889,108	-	245,795,125
Associates, subsidiaries and joint ventures	-	-	-	1,481,015	1,481,015
Undistributed assets	-	-	-	6,792,120	6,792,120
Total assets	**37,357,906**	**77,548,111**	**130,889,108**	**8,273,135**	**254,068,260**
Segment liabilities	175,293,567	36,811,822	23,527,895	-	235,633,284
Undistributed liabilities	-	-	-	7,978,123	7,978,123
Shareholders' equity	-	-	-	10,456,853	10,456,853
Total liabilities	**175,293,567**	**36,811,822**	**23,527,895**	**18,434,976**	**254,068,260**

Prior Period **1 January 2020 – 31 December 2020**	**Retail Banking**	**Corporate Commercial banking**	**Treasury and international banking**	**Unallocated**	**Bank's total Operation**
Operating income	3,100,309	7,591,132	330,557	-	11,021,998
Operating expenses (-)	4,495,606	902,367	1,712,295	2,059,047	9,169,315
Transfers between segments	2,372,885	(479,349)	(1,893,536)	-	-
Net operating income(loss)	**977,588**	**6,209,416**	**(3,275,274)**	**(2,059,047)**	**1,852,683**
Income from associates	-	-	-	-	-
Income (loss) before tax	**977,588**	**6,209,416**	**(3,275,274)**	**(2,059,047)**	**1,852,683**
Provision for taxation (-)	-	-	-	452,402	452,402
Net income for the period	**977,588**	**6,209,416**	**(3,275,274)**	**(2,511,449)**	**1,400,281**
Prior Period **31 December 2020**					
Segment assets	29,924,797	43,516,111	66,183,752	-	139,624,660
Associates, subsidiaries and joint ventures	-	-	-	1,481,015	1,481,015
Undistributed assets	-	-	-	11,184,640	11,184,640
Total assets	**29,924,797**	**43,516,111**	**66,183,752**	**12,665,655**	**152,290,315**
Prior Period **31 December 2020**					
Segment liabilities	100,529,104	21,636,217	18,392,876	-	140,558,197
Undistributed liabilities	-	-	-	3,737,021	3,737,021
Shareholders' equity	-	-	-	7,995,097	7,995,097
Total liabilities	**100,529,104**	**21,636,217**	**18,392,876**	**11,732,118**	**152,290,315**

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SECTION FIVE

EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

1. Explanations and notes related to assets

1.1. Information regarding the cash assets and the Central Bank of Republic of Turkey

1.1.1 Cash and balances with the Central Bank of Republic of Turkey

	Current period		Prior period	
	TL	FC	TL	FC
Cash/foreign currency	734,131	5,330,133	630,548	2,548,184
The Central Bank of Republic of Turkey	4,620,318	47,690,909	512,354	19,967,199
Other (*)	29,609	7,050,216	1,525	988,100
Total	**5,384,058**	**60,071,258**	**1,144,427**	**23,503,483**

(*) As of 31 December 2021, precious metal account amounting to TL 7,050,216 (31 December 2020 - TL 988,021) and money in transit amounting to TL 29,609 (31 December 2020 – 1,604 TL) are presented in this line.

1.1.2 Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	4,540,821	11,485,379	499,584	1,493,876
Restricted time deposit	-	-	-	-
Unrestricted time deposit	79,497	36,205,530	12,770	18,473,323
Total	**4,620,318**	**47,690,909**	**512,354**	**19,967,199**

According to the CBRT's Communiqué on Required Reserves No. 2005/1, banks operating in Turkey; Required reserve ratios for Turkish lira and foreign currency liabilities are determined between 3% and 26% by differentiating according to the maturity of liabilities, and these rates are applied by banks as of the date of the report.

1.2 Information on financial assets at fair value through profit and loss

As of 31 December 2021, there are no financial assets at fair value through profit and loss subject to repurchase transactions, given as a collateral or blocked (31 December 2020 – None).

Positive differences related to marketable derivative financial assets:

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	356,312	1,984	49,633	2,693
Swap transactions	694,179	590,879	78,913	329,745
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**1,050,491**	**592,863**	**128,546**	**332,438**

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1.3 Information on Banks

1.3.1. Information on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	**20,571**	**14,502,373**	**26,317**	**5,783,150**
Domestic	20,571	2,723,650	26,317	113,789
Foreign (*)	-	11,778,723	-	5,669,361
Headquarters and branches abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	**20,571**	**14,502,373**	**26,317**	**5,783,150**

(*) As a result of the changes in the Uniform Chart of Accounts implemented by the BRSA as of January 1, 2021, the foreign currency collaterals given for the derivative transactions made by the Bank with foreign banks, which were monitored in the other assets account in the bank balance sheet in the previous periods, started to be monitored in the banks account as of the current period. As of 31 December 2021, the relevant amount is 308,849 TL.

1.3.2 Information on foreign banks account

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	3,139,792	1,176,720	-	-
USA and Canada	7,919,998	3,842,631	-	-
OECD Countries (*)	81,785	34,493	-	-
Off-shore Banking Regions	2,810	1,535	-	-
Other	634,338	613,982	-	-
Total	**11,778,723**	**5,669,361**	**-**	**-**

(*) EU countries, OECD countries other than the US and Canada

1.4 Information on financial assets at fair value through other comprehensive income

	Current period	Prior Period
Debt Securities	**32,344,629**	**20,925,430**
Quoted on stock exchange	32,344,629	20,925,430
Not quoted on stock exchange	-	-
Share certificates/Investment Funds	**129,187**	**90,202**
Quoted on stock exchange	105,003	75,105
Not quoted on stock exchange	24,184	15,097
Impairment provision (-)	**308,459**	**220,559**
Total	**32,165,357**	**20,795,073**

1.4.1 Information on financial assets given as collateral or blocked at fair value reflected in other comprehensive income

As of the balance sheet date, there are financial assets given TL 11,410,139 (31 December 2020: TL 8,480,912) as collateral whose fair value difference is reflected to other comprehensive income.

1.4.2 Information on financial assets whose fair value difference subject to repo transaction is reflected to other comprehensive income

As of the balance sheet date, there are financial assets subject to sale transactions with the promise of repurchase, of which TL 6,495,137 (31 December 2020 – 179,750) is reflected to other comprehensive income.

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1.5 Explanations on financial assets measured at amortized cost

1.5.1 All types of loans and advances given to shareholders and employees of the Bank:

	Current period		Prior period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	**6,955**	**21,246**	**4,695**	**6,709**
Corporate shareholders	-	21,228	-	6,677
Real person shareholders	6,955	18	4,695	32
Indirect loans granted to shareholders	**64,316**	**2,297**	**54,992**	**6,632**
Loans granted to employees	**40,564**	**1,320**	**27,605**	**541**
Total	**111,835**	**24,863**	**87,292**	**13,882**

1.5.2 Information on Standart Loans, Loans Underclose monitoring and restructured Loans Under Close monitoring

Current Period - Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Subject to Restructuring	Restructured Loans	
			Revised Contract Terms	Refinance
Loans	**100,546,026**	**4,601,981**	**3,215,853**	**-**
Export Loans	10,658,321	167,651	-	-
Import Loans	4,064,392	238,568	-	-
Corporation Loans	49,306,746	3,336,152	3,176,331	-
Consumer Loans	12,780,928	351,932	17,082	-
Credit Cards	2,352,871	212,270	21,267	-
Loans given to financial sector	10,112,109	-	-	-
Other	11,270,659	295,408	1,173	-
Other Receivables	**339**	**983**	**-**	**-**
Total	**100,546,365**	**4,602,964**	**3,215,853**	**-**

Prior Period - Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Subject to Restructuring	Restructured Loans	
			Revised Contract Terms	Refinance
Loans	**64,035,102**	**4,323,146**	**2,615,066**	**-**
Export Loans	4,967,766	230,900	-	-
Import Loans	1,971,303	87,512	-	-
Corporation Loans	33,645,963	3,445,593	2,533,424	-
Consumer Loans	12,498,622	292,608	62,118	-
Credit Cards	1,226,520	130,063	19,524	-
Loans given to financial sector	3,423,936	-	-	-
Other	6,300,992	136,470	-	-
Other Receivables	**8,295**	**117,575**	**9,277**	**-**
Total	**64,043,397**	**4,440,721**	**2,624,343**	**-**

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Information on standart loans and loans under close monitoring and restructured loans under close monitoring regarding provision:

	Standard Loans Current Period	Loans Under Close Monitoring Current Period	Standard Loans Prior Period	Loans Under Close Monitoring Prior Period
12 Month Expected Credit Losses (*)	2,289,434	-	1,170,568	-
Significant Increase in Credit Risk	-	3,503,181	-	1,743,435
Total	**2,289,434**	**3,503,181**	**1,170,568**	**1,743,435**

(*) Includes expected credit loss of other financial assets measured at amortized cost amounting TL 621 (31 December 2020: 1,094 TL).

1.5.3 Distribution of cash loans and other receivables according to their maturities

Current Period	Standard Loans	Loans Under Close Monitoring	
		Not Subject to Restructuring	Restructured
Short Term Loans	35,258,443	1,132,184	92,192
Medium- and Long-Term Loans	65,287,922	3,470,780	3,123,661
Total	**100,546,365**	**4,602,964**	**3,215,853**

Prior Period	Standard Loans	Loans Under Close Monitoring	
		Not Subject to Restructuring	Restructured
Short Term Loans	16,746,131	1,028,416	59,885
Medium- and Long-Term Loans	47,297,266	3,412,305	2,564,458
Total	**64,043,397**	**4,440,721**	**2,624,343**

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1.5.4 Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards

Current Period	Short term	Medium and long term	Total
Consumer Loans-TL	**132,770**	**12,927,445**	**13,060,215**
Housing Loans	32,641	10,534,935	10,567,576
Vehicle Loans	42,993	1,845,143	1,888,136
Consumer Loans	32,401	235,966	268,367
Other	24,735	311,401	336,136
Consumer Loans-FC Indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	**-**	**48,656**	**48,656**
Housing Loans	-	48,265	48,265
Vehicle Loans	-	-	-
Consumer Loans	-	391	391
Other	-	-	-
Retail Credit Cards-TL	**936,138**	**70**	**936,208**
With Installment	247,995	70	248,065
Without Installment	688,143	-	688,143
Retail Credit Cards-FC	**-**	**-**	**-**
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	**2,100**	**38,971**	**41,071**
Housing Loans	49	3,730	3,779
Vehicle Loans	724	18,725	19,449
Consumer Loans	1,327	16,516	17,843
Other	-	-	-
Personnel Loans-FC Indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	**-**	**-**	**-**
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	**24,701**	**21**	**24,722**
With Installment	10,286	21	10,307
Without Installment	14,415	-	14,415
Personnel Credit Cards-FC	**-**	**-**	**-**
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	**-**	**-**	**-**
Overdraft Account-FC (Real Person)	**-**	**-**	**-**
Total	**1,095,709**	**13,015,163**	**14,110,872**

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Prior Period	Short term	Medium and long term	Total
Consumer Loans-TL	**74,023**	**12,698,649**	**12,772,672**
Housing Loans	17,783	10,717,815	10,735,598
Vehicle Loans	31,924	1,574,270	1,606,194
Consumer Loans	21,382	215,488	236,870
Other	2,934	191,076	194,010
Consumer Loans-FC Indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	**-**	**53,428**	**53,428**
Housing Loans	-	26,470	26,470
Vehicle Loans	-	-	-
Consumer Loans	-	26,958	26,958
Other	-	-	-
Retail Credit Cards-TL	**545,977**	**70**	**546,047**
With Installment	120,545	70	120,615
Without Installment	425,432	-	425,432
Retail Credit Cards-FC	**-**	**-**	**-**
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	**1,985**	**25,263**	**27,248**
Housing Loans	-	2,401	2,401
Vehicle Loans	466	15,844	16,310
Consumer Loans	1,519	7,018	8,537
Other	-	-	-
Personnel Loans-FC Indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	**-**	**-**	**-**
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	**13,761**	**21**	**13,782**
With Installment	5,696	21	5,717
Without Installment	8,065	-	8,065
Personnel Credit Cards-FC	**-**	**-**	**-**
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	**-**	**-**	**-**
Overdraft Account-FC (Real Person)	**-**	**-**	**-**
Total	**635,746**	**12,777,431**	**13,413,177**

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1.5.5 Information on commercial installment loans and corporate credit cards

Current Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	**994,450**	**11,754,294**	**12,748,744**
Business Loans	32,149	1,793,796	1,825,945
Vehicle Loans	788,312	6,813,277	7,601,589
Consumer Loans	173,989	3,147,221	3,321,210
Other	-	-	-
Commercial Installment Loans-FC Indexed	**8,187**	**515,770**	**523,957**
Business Loans	8,187	17,567	25,754
Vehicle Loans	-	1,028	1,028
Consumer Loans	-	497,175	497,175
Other	-	-	-
Commercial Installment Loans-FC	**3,602**	**1,115,576**	**1,119,178**
Business Loans	-	267,948	267,948
Vehicle Loans	3,602	847,628	851,230
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	**1,625,478**	**-**	**1,625,478**
With Installment	681,084	-	681,084
Without Installment	944,394	-	944,394
Corporate Credit Cards-FC	**-**	**-**	**-**
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	**-**	**-**	**-**
Overdraft Account-FC (Legal Entity)	**-**	**-**	**-**
Total	**2,631,717**	**13,385,640**	**16,017,357**

Prior Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	**497,383**	**9,234,322**	**9,731,705**
Business Loans	6,008	1,995,773	2,001,781
Vehicle Loans	405,890	4,705,779	5,111,669
Consumer Loans	85,485	2,532,770	2,618,255
Other	-	-	-
Commercial Installment Loans-FC Indexed	**11,254**	**505,184**	**516,438**
Business Loans	11,254	57,668	68,922
Vehicle Loans	-	11,001	11,001
Consumer Loans	-	436,515	436,515
Other	-	-	-
Commercial Installment Loans-FC	**2,194**	**208,817**	**211,011**
Business Loans	-	95,916	95,916
Vehicle Loans	2,194	112,901	115,095
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	**816,278**	**-**	**816,278**
With Installment	307,667	-	307,667
Without Installment	508,611	-	508,611
Corporate Credit Cards-FC	**-**	**-**	**-**
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	**-**	**-**	**-**
Overdraft Account-FC (Legal Entity)	**-**	**-**	**-**
Total	**1,327,109**	**9,948,323**	**11,275,432**

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1.5.6 Allocation of loans by customers

	Current period	Prior period
Public	833,335	396,326
Private	107,531,847	70,712,135
Total	**108,365,182**	**71,108,461**

1.5.7 Breakdown of domestic and foreign loans

	Current period	Prior period
Domestic loans	106,647,336	70,338,950
Foreign loans	1,717,846	769,511
Total	**108,365,182**	**71,108,461**

1.5.8 Loans granted to subsidiaries and associates

	Current period	Prior period
Loans granted directly to subsidiaries and associates	482,838	185,615
Loans granted indirectly to subsidiaries and associates	-	-
Total	**482,838**	**185,615**

1.5.9 Specific provisions for loans or default (Third Stage) provisions

	Current period	Prior period
Loans and receivables with limited collectability	145,257	467,474
Loans and receivables with doubtful collectability	99,884	5,172
Uncollectible loans and receivables	2,542,754	2,045,229
Total	**2,787,895**	**2,517,875**

1.5.10 Information on non-performing loans (Net)

1.5.10.1 Information on Loans and Other Receivables Included in Loans under Follow-Up Account, Which are Restructured or Rescheduled

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectibility	Loans and Receivables with Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period			
Gross Amount Before Specific Provisions	-	216	616,947
Restructured Loans and Receivables	-	216	616,947
Prior Period			
Gross Amount Before Specific Provisions	-	1,577	262,750
Restructured Loans and Receivables	-	1,577	262,750

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1.5.10.2 Information on the movement of total non-performing loans

Current Period	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Ending balance of prior period 31.12.2020	**514,908**	**11,192**	**2,408,491**
Additions in the current period (+)	225,629	174,719	949,711
Transfers from other categories of non-performing loans (+)	2	534,984	538,167
Transfers to other categories of non-performing loans (-)	534,984	538,167	2
Collections in the current period (-)	17,749	19,649	774,057
Write offs (-)(**)	-	-	397,786
Sold Porfolio (-)	**-**	**-**	**-**
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	**187,806**	**163,079**	**2,724,524**
Specific provisions (-)	145,257	99,884	2,542,754
Net balances on balance sheet	**42,549**	**63,195**	**181,770**

Prior Period	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Ending balance of prior period 31.12.2019	**250,407**	**318,133**	**1,475,134**
Additions in the current period (+)	506,595	10,412	1,086,141
Transfers from other categories of non-performing loans (+)	-	197,258	471,969
Transfers to other categories of non-performing loans (-)	197,197	471,975	55
Collections in the current period (-)	44,897	42,636	263,889
Write offs (-)	-	-	250,456
Sold Porfolio (-)(*)	-	-	110,353
Corporate and commercial loans	-	-	110,353
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	**514,908**	**11,192**	**2,408,491**
Specific provisions (-)	467,474	5,172	2,045,229
Net balance at the balance sheet	**47,434**	**6,020**	**363,262**

(*) The Bank sold its risk amounting to TL 110,353, which was provided 100% provision from its non-performing loans, to the asset management company for TL 28,800.
(**) With the decision of the top management of the Bank, it has been decided to include the project/loan of the customers in the cancellation accounts. The effect of these transactions on the NPL ratio is 31 basis points.

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1.5.10.3 Information on non-performing loans granted as foreign currency

	Group III	Group IV	Group V
Current Period			
Ending balance of the current period	4,079	75,537	481,745
Provision amount (-)	2,701	42,827	444,417
Net balance at the balance sheet	**1,378**	**32,710**	**37,328**
Prior Period			
Ending balance of the current period	496,897	1	312,782
Provision amount (-)	452,358	-	253,025
Net balance at the balance sheet	**44,539**	**1**	**59,757**

1.5.10.4 Gross and net amounts of non-performing loans with respect to user groups

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (Net)	**42,549**	**63,195**	**181,770**
Loans granted to real persons and legal entities (Gross)	187,806	163,079	2,724,524
Specific provision (-)	145,257	99,884	2,542,754
Loans to real persons and legal entities (Net)	**42,549**	**63,195**	**181,770**
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior period (Net)	**47,434**	**6,020**	**363,262**
Loans to real persons and legal entities (Gross)	514,908	11,192	2,408,491
Specific provision (-)	467,474	5,172	2,045,229
Loans to real persons and legal entities (Net)	**47,434**	**6,020**	**363,262**
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

The Bank has collaterals such as cash, mortgages, pledges, and checks of customer issued for non-performing loans.

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1.5.10.5. Aging analysis of past due but not impaired financial assets per classes of financial instruments is as follows

Current Period	Less than 30 days	31-60 days	More than 61 days	Total
Loans and receivables				
Corporate loans	6,547,648	283,769	384,863	7,216,280
Retail loans	240,182	85,012	43,806	369,000
Credit cards	201,862	13,673	18,002	233,537
Total	**6,989,692**	**382,454**	**446,671**	**7,818,817**

Prior Period	Less than 30 days	31-60 days	More than 61 days	Total
Loans and receivables				
Corporate loans	5,734,223	123,369	703,172	6,560,764
Retail loans	259,740	36,192	58,781	354,713
Credit cards	128,633	7,255	13,699	149,587
Total	**6,122,596**	**166,816**	**775,652**	**7,065,064**

1.5.10.6 Information on profit share accruals, rediscounts and valuation differences computed for non-performing loans and their provision

	III. Group	IV. Group	V. Group
	Loans with Limited Collectibility	Loans with Doubtful Collectibility	Uncollectible Loans
Current Period (Net)	**5,926**	**5,709**	**19,648**
Profit share accruals, rediscount and valuation differences	42,160	15,327	377,087
Provision (-)	36,234	9,618	357,439

	III. Grup	IV. Grup	V. Grup
	Loans with Limited Collectibility	Loans with Doubtful Collectibility	Uncollectible Loans
Prior Period (Net)	**371**	**460**	**51,485**
Profit share accruals, rediscount and valuation differences	4,485	865	319,370
Provision (-)	4,114	405	267,885

1.5.10.7. Main guidelines for liquidation process of uncollectible loans and other receivables

Loans and other receivables, which were deemed uncollectible according to the "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans" published in the Official Gazette No. 26333 dated 1 November 2006 and for which a full impairment provision has been made, are written off as per the decision of the Bank top management. Within 2020, non-performing loans amounting to TL 397,786 have been written-off (31 December 2020 – TL 250,456).

1.5.11 Information on the write-off policy

The Bank's write off policy is to write-off the loan receivables that have been already transferred to legal follow-up and fully provided for and for which there is no possibility of collection through legal process and for which there is no collateral. Such loans are written off as per the decision of top management.

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1.6 Information on other financial assets measured at amortised cost

1.6.1 Information on other financial assets measured at amortized cost

	Current Period	Prior Period
Debt Securities	**4,798,614**	**5,931,297**
Quoted on a Stock Exchange	4,798,614	5,931,297
Not Quoted	-	-
Expected Loss Provision (-)	**621**	**1,094**
Total	**4,797,993**	**5,930,203**

1.6.2 Movements of other financial assets measured at amortized cost during the year

	Current Period	Prior Period
Opening Balance	**5,931,297**	**2,630,914**
Foreign Exchange Gain/Loss	1,958,263	1,353,136
Purchases During the Year	548,922	1,947,247
Disposals Through Sales and Redemptions	3,639,868	-
Expected Loss Provision (-)	**621**	**1,094**
Total	**4,797,993**	**5,930,203**

1.7 Information on investment in associates (Net)

1.7.1 The 1.49% ownership of the shares of Kredi Garanti Fonu A.Ş. amounting to TL 7,659 (31 December 2020 – TL 7,659), 1.15% ownership of the shares of Islamic International Rating Agency amounting to TL 277 (31 December 2020 – TL 33), and, Swift shares amounting to TL 3,567 (31 December 2020 – TL 390) and 0.0035% ownership of the shares traded in Borsa İstanbul A.Ş amounting to TL 15 (31 December 2020 – TL 15) and %2.86 ownership of the shares of JCR Avrasya Derecelendirme A.Ş amounting to TL 2,755 (31 December 2020 – 2,755), VISA INC. shares amounting to TL 12,555 (December 31, 2020 – TL 7,008) are classified as financial assets at fair value through other comprehensive income since the Bank's ownership in these entities is less than 10% and the Parent Bank does not have a significant influence on these entities.

1.7.2 Information about investments in unconsolidated associates: None (31 December 2020 – None).

1.7.3 Information related to consolidated associates: None (31 December 2020 – None).

1.8 Information on subsidiaries (Net)

1.8.1 Although the Bank has control power over the management and capital of its non-financial subsidiaries, Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San. Ve Tic. A.Ş and Architecht Bilişim Sistemleri ve Pazarlama Tic A.Ş does not confirm to the definition of financial subsidiary in accordance with "Regulation related to the Preparation of Consolidated Financial Statements by Banks" published in the Official Gazette No. 26340 dated 8 November 2006; hence this subsidiary has not been consolidated.

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1.8.2 Information on subsidiaries

	Title	Address (City/Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1	Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San.ve Tic. A.Ş.	İstanbul/Türkiye	99.99	99.99
2	Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	75.00	78.15
3	KT Sukuk Varlık Kiralama A.Ş.	İstanbul/Türkiye	100.00	100.00
4	KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/Türkiye	100.00	100.00
5	KT Bank AG (*)	Frankfurt/Almanya	100.00	100.00
6	Architecht Bilişim Sistemleri ve Pazarlama Tic A.Ş	İstanbul/Türkiye	100.00	100.00
8	KT Portföy Yönetimi A.Ş.	İstanbul/Türkiye	100.00	100.00
9	Neova Katılım Sigorta A.Ş.	İstanbul/Türkiye	100.00	100.00

(*) As of 31 December 2021, financial figures for this entity in the table above are based on the financial information prepared in accordance wit the local regulations of the country in which this entity operates.

1.8.2 Information on subsidiaries

Information on subsidiaries in the order presented in the above table

	Total Assets	Equity	Total Fixed assets	Profit Share Income	Income from marketable securities	Current period profit/loss	Prior period profit /loss	Fair Value
1	59,726	52,565	5,955	-	-	8,642	13,859	-
2(*)	171,336	127,668	53,524	-	-	7,629	4,229	-
3	684	673	-	-	-	24	11	-
4	4,591,921	359	-	-	-	49	17	-
5	12,972,775	1,638,867	174,201	-	-	16,990	7	-
6	103,497	89,998	12,347	167	4,164	37,153	32,887	-
8	39,503	31,386	4,957	-	-	10,285	10,169	-
9	4,300,166	816,508	30,980	-	-	234,369	166,389	-

(*) Körfez Gayrimenkul Yatırım Ortaklığı A.Ş the amounts in the table for the are taken from the financial statements of September 30, 2021.

Movement regarding the subsidiaries

	Current Period	Prior Period
Balance at the beginning of the year	**1,461,015**	**544,853**
Movements during the year	-	916,162
Purchases (*)	-	916,162
Transfers from subsidiaries (net)	-	-
Bonus shares	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	-
Impairment	-	-
Capital commitment payments	-	-
Balance at the end of the year	**1,461,015**	**1,461,015**
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

(*) The capital of KT Bank AG, which is a subsidiary of the Bank, from 115,000,000 EUR (full amount) was increased by 25,000,000 EUR (full amount) to 140,000,000 EUR (full amount) on 22 January 2020.
The Bank has obtained the necessary legal permissions as of 5 May 2020, Neova Katılım Sigorta A.Ş. completed the share transfer transactions and concluded the purchase. Neova Katılım Sigorta A.Ş., which has purchased 78,864,212 shares by paying 745,860 TL with the purchase transaction, and 7% before sales increased its partnership share to 100% by owning all the shares.

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Sectoral information on consolidated subsidiaries and the related carrying amounts

	Current Period	Prior Period
Banks	610,120	610,120
Insurance Companies	751,796	751,796
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	75,419	75,419
Total	**1,437,335**	**1,437,335**

Subsidiaries that are quoted on the stock exchange

	Current Period	Prior Period
Quoted in Domestic Stock Exchange	53,418	53,418
Quoted in Foreign Stock Exchange	-	-
Total	**53,418**	**53,418**

1.8.3 Information on capital adequacies of major subsidiaries

The shareholder's equity of KT Bank AG, the bank's subsidiary in Germany, calculated as of December 31, 2021 is EUR 110,197,621 and the capital adequacy ratio is %21.6.

1.9 Information on joint ventures (business partnerships) (Net)

	Bank's share percentage	Total assets	Equity	Total fixed assets	Current period profit/loss	Prior period profit /loss
Katılım Emeklilik ve Hayat A.Ş. (*)	50%	6,127,196	173,160	33,805	55,894	41,860

(*) In accordance with decision of the Bank's Board of Directors on 25 April 2013, Kuveyt Türk Katılım Bankası A.Ş. and Albaraka Türk Katılım Bankası A.Ş. decided to establish the Pension Company in line with main shares. Bank decided to establish that pension company with the equal share amounts with Albaraka Türk Katılım Bankası A.Ş, and that pension company is registered with the trade name "Katılım Emeklilik ve Hayat Anonim Şirketi", 895027 registry numbered dated 17 December 2013 by İstanbul Ticaret Sicil Müdürlüğü.

1.10 Information on finance lease receivables (Net)

1.10.1 Presentation of remaining maturities of net finance leases

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	4,988,502	4,126,747	2,249,517	1,783,178
1 to 4 years	7,038,160	6,705,970	2,829,259	2,631,776
More than 4 years	1,125,719	1,093,218	622,145	596,042
Total	**13,152,381**	**11,925,935**	**5,700,921**	**5,010,996**

1.10.2 Net investments in finance leases

	Current Period	Prior Period
Gross receivable from finance leases	13,152,380	5,700,921
Unearned finance lease income (-)	1,226,445	689,925
Unearned finance lease income (-)	-	-
Net receivable from finance leases	**11,925,935**	**5,010,996**

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1.10.3 Information on finance lease contracts

The Bank determines the settlements of the financial lease agreements in accordance with related legislations. Payment terms and amounts may be rearranged with additional agreements upon customers' requests. On the agreements, the Bank gives the customer the option to buy the related property. According to the Financial Lease Law, if a customer does not fulfill its obligations until 60 days, the Bank sends a notice to the customer and the Bank takes legal action against the customer if necessary. Non-performing finance lease receivables amounting to TL 45,706 are included in the non-performing loans in the balance sheet (31 December 2020 – TL 52,668).

1.11 Information on derivative financial assets for hedging purposes

None (31 December 2020- None)

1.12 Explanations on Tangible Assets

Current Period	Buildings	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Cost					
Opening balance, 1 January 2021	483,384	639,458	103,732	553,547	1,780,121
Additions	6,931	139,841	55,446	106,314	308,532
Disposals	(6)	(82,490)	(915)	(149,839)	(233,250)
Transfers	4,756	(4,756)	-	(17)	(17)
Impairment / cancellation	-	-	-	-	-
Ending balance, 31 December 2021	495,065	692,053	158,263	510,005	1,855,386
Accumulated Depreciation (-)					
Opening balance, 1 January 2021	37,825	255,801	27,796	295,894	617,316
Amortisation cost	7,947	129,469	28,777	69,432	235,625
Disposals	(5)	(70,917)	(704)	(148,511)	(220,137)
Transfers	2	(2)	-	(16)	(16)
Ending balance, 31 December 2021	45,769	314,351	55,869	216,799	632,788
Cost at the end of period	**495,065**	**692,053**	**158,263**	**510,005**	**1,855,386**
Accumulated depreciation at the end of period (-)	**45,769**	**314,351**	**55,869**	**216,799**	**632,788**
Closing net book value	**449,296**	**377,702**	**102,394**	**293,206**	**1,222,598**

Prior Period	Buildings	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Cost					
Opening balance, 1 January 2020	481,027	503,283	55,883	440,394	1,480,587
Additions	2,520	155,320	48,042	118,716	324,598
Disposals	(159)	(49,532)	(193)	(5,570)	(55,454)
Transfers	(4)	(3)	-	7	-
Impairment / cancellation	-	30,390	-	-	30,390
Ending balance, 31 December 2020	483,384	639,458	103,732	553,547	1,780,121
Accumulated Depreciation (-)					
Opening balance, 1 January 2020	30,003	159,945	10,894	244,793	445,635
Amortisation cost	7,981	123,820	17,156	55,773	204,730
Disposals	(159)	(27,961)	(254)	(4,674)	(33,048)
Transfers	-	(3)	-	3	-
Ending balance, 31 December 2020	37,825	255,801	27,796	295,895	617,317
Cost at the end of period	**483,384**	**639,458**	**103,732**	**553,547**	**1,780,121**
Accumulated depreciation at the end of period (-)	**37,825**	**255,801**	**27,796**	**295,895**	**617,317**
Closing net book value	**445,559**	**383,657**	**75,936**	**257,652**	**1,162,804**

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1.13. Explanations on Intangible Assets

1.13.1. Gross carrying value and accumulated amortization balances at the beginning and at the end of the period

	Current Period	Prior Period
Cost	398,654	297,964
Accumulated Amortization	(150,467)	(107,432)
Total (net)	**248,187**	**190,532**

1.13.2. Movements of intangible assets between the beginning and the end of the period

	Current Period	Prior Period
Opening balance	190,532	133,980
Additions	157,980	110,882
Disposals (-), net	44,988	18,380
Depreciation amount (-)	55,337	35,950
Closing net book value	**248,187**	**190,532**

Intangible assets include computer software and program licenses which are purchased for banking systems.

1.14. Explanations on investment property

	Current Period	Prior Period
Opening balance	24,987	25,146
Additions	-	-
Disposals (-), Net	24,987	-
Depreciation amount (-)	-	159
Closing net book value	**-**	**24,987**

1.15 Information on deferred tax asset

As of 31 December 2021, deferred tax is offset as TL 1,713,575 in the balance sheet. In accordance with the related regulations deferred tax asset calculated is TL 2,086,505 (31 December 2020 – TL 835,083) and deferred tax liability is TL 372,930 (31 December 2020 – TL 86,747 TL).

	Current period	Prior period
Employee Benefits Liability	76,744	47,419
Retirement Pay Liability	44,555	36,349
Deferred Income	99,898	70,882
Impairment Provision for Subsidiaries, Fixed Assets and Assets Held for Sale	79	1,281
Rediscounts for Derivative Instruments Held for Trading	2,375	243,384
TFRS 9 Provisions	781,020	427,891
Precious Metals Valuation Difference	1,034,507	-
Securities Valuation Difference	26,545	812
Other	20,782	7,065
Deferred tax asset	**2,086,505**	**835,083**
Derivative Transactions Valuation Differences	(298,868)	-
Tangible assets valuation differences	(16,535)	(12,724)
Financial assets valuation differences	(54,452)	(46,763)
Precious metal valuation difference	(1,877)	(23,908)
Other	(1,198)	(3,352)
Deferred Tax Liability	**(372,930)**	**(86,747)**
Net Deferred Tax Asset	**1,713,575**	**748,336**

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Table of deferred tax asset movement

	Current period	Prior period
As of January, 1	748,336	358,097
Deferred Tax (Expense) / Income	954,783	329,404
Deffered Tas Accounted Under Other Comprehensive Income	10,456	60,835
Deferred tax asset	**1,713,575**	**748,336**

1.16. Assets held for sale and assets of discontinued operations

	Current Period	Prior Period
Opening Balance	519,087	473,326
Additions	61,085	172,426
Transfer from Tangible Assets	-	-
Disposals (-), Net	339,281	126,665
Transfer to Tangible Assets	-	-
Depreciation Amount (-)	-	-
Impairment Losses Provision (-)	-	-
Closing net book value	**240,891**	**519,087**

1.17 Information on other assets

As of balance sheet date, the Bank's other assets amount to TL 3,607,760 (31 December 2020 – TL 9,057,981). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

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SECTION FIVE

2. Explanations and notes related to liabilities

2.1 Information on funds collected

2.1.1 Information on maturity structure of funds collected

Current period	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	**20,546,940**	-	-	-	-	-	-	-	**20,546,940**
II. Real persons profit sharing accounts TL	**-**	**10,745,047**	**12,876,588**	**762,988**	**-**	**731,611**	**784,511**	**19,753**	**25,920,498**
III. Other current accounts-TL	**8,136,092**	-	-	-	-	-	-	-	**8,136,092**
Public sector	266,234	-	-	-	-	-	-	-	266,234
Commercial sector	7,737,101	-	-	-	-	-	-	-	7,737,101
Other institutions	80,279	-	-	-	-	-	-	-	80,279
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	52,478	-	-	-	-	-	-	-	52,478
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	52,114	-	-	-	-	-	-	-	52,114
Participation banks	364	-	-	-	-	-	-	-	364
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	**-**	**755,578**	**1,143,078**	**41,733**	**-**	**621,325**	**130,431**	**7**	**2,692,152**
Public sector	-	213	987	746	-	24,979	-	-	26,925
Commercial sector	-	635,337	942,782	15,144	-	581,235	129,951	7	2,304,456
Other institutions	-	119,807	199,286	25,843	-	14,993	452	-	360,381
Commercial and other institutions	-	221	-	-	-	118	28	-	367
Banks and participation banks	-	-	23	-	-	-	-	-	23
V. Real persons current accounts-FC	**44,673,374**	-	-	-	-	-	-	-	**44,673,374**
VI. Real persons profit sharing accounts-FC	**-**	**14,006,544**	**17,283,991**	**1,718,669**	**-**	**2,540,789**	**2,781,541**	**12,095**	**38,343,629**
VII. Other current accounts-FC	**18,373,687**	-	-	-	-	-	-	-	**18,373,687**
Commercial residents in Turkey	16,884,411	-	-	-	-	-	-	-	16,884,411
Commercial residents in Abroad	1,182,519	-	-	-	-	-	-	-	1,182,519
Banks and participation banks	306,757	-	-	-	-	-	-	-	306,757
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	304,614	-	-	-	-	-	-	-	304,614
Participation banks	2,143	-	-	-	-	-	-	-	2,143
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	**-**	**1,398,089**	**2,602,027**	**100,178**	**-**	**73,866**	**73,564**	**-**	**4,247,724**
Public sector	-	54	-	-	-	-	-	-	54
Commercial sector	-	1,295,745	2,182,976	99,152	-	73,526	73,564	-	3,724,963
Other institutions	-	46,632	135,953	1,006	-	340	-	-	183,931
Commercial and other institutions	-	55,658	283,098	20	-	-	-	-	338,776
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	**36,383,140**	**7,765,461**	**3,919,840**	**667,511**	**-**	**419,769**	**15,572**	**-**	**49,171,293**
X. Profit sharing accounts special funds - TL	**-**	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	**-**	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	**128,113,233**	**34,670,719**	**37,825,524**	**3,291,079**	**-**	**4,387,360**	**3,785,619**	**31,855**	**212,105,389**

There are no 7 days notification accounts of the Bank.

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Prior period	Demand	Up to 1 month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	**9,214,591**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,214,591**
II. Real persons profit sharing accounts-TL	**-**	**6,461,888**	**8,497,859**	**508,942**	**-**	**729,392**	**956,849**	**22,604**	**17,177,534**
III. Other current accounts-TL	**5,050,036**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,050,036**
Public sector	194,879	-	-	-	-	-	-	-	194,879
Commercial sector	4,803,662	-	-	-	-	-	-	-	4,803,662
Other institutions	39,576	-	-	-	-	-	-	-	39,576
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	11,919	-	-	-	-	-	-	-	11,919
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	11,616	-	-	-	-	-	-	-	11,616
Participation banks	303	-	-	-	-	-	-	-	303
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	**-**	**602,957**	**989,697**	**42,390**	**-**	**312,745**	**109,333**	**2**	**2,057,124**
Public sector	-	322	602	645	-	11,465	-	-	13,034
Commercial sector	-	530,069	841,232	33,935	-	287,086	108,842	**2**	1,801,166
Other institutions	-	72,504	147,843	7,810	-	14,186	491	-	242,834
Commercial and other institutions	-	62	-	-	-	**8**	-	-	70
Banks and participation banks	-	-	20	-	-	-	-	-	20
V. Real persons current accounts-FC	**20,647,968**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20,647,968**
VI. Real persons profit sharing accounts-FC	**-**	**6,978,028**	**8,755,512**	**1,054,169**	**-**	**1,357,875**	**1,495,235**	**4,205**	**19,645,024**
VII. Other current accounts-FC	**9,273,571**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,273,571**
Commercial residents in Turkey	8,823,743	-	-	-	-	-	-	-	8,823,743
Commercial residents in Abroad	292,016	-	-	-	-	-	-	-	292,016
Banks and participation banks	157,812	-	-	-	-	-	-	-	157,812
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	153,153	-	-	-	-	-	-	-	153,153
Participation banks	4,659	-	-	-	-	-	-	-	4,659
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	**-**	**745,772**	**1,636,672**	**35,901**	**-**	**31,455**	**58,728**	**-**	**2,508,528**
Public sector	-	3	-	-	-	-	-	-	3
Commercial sector	-	670,072	1,404,349	34,838	-	30,766	58,728	-	2,198,753
Other institutions	-	32,466	72,144	1,051	-	191	-	-	105,852
Commercial and other institutions	-	43,231	160,179	12	-	498	-	-	203,920
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	**28,025,054**	**5,342,933**	**2,559,094**	**379,540**	**-**	**281,184**	**10,713**	**90**	**36,598,608**
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	**72,211,220**	**20,131,578**	**22,438,834**	**2,020,942**	**-**	**2,712,651**	**2,630,858**	**26,901**	**122,172,984**

There are no 7 day notification accounts of the Bank.

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2.1.2 Information's on current and profit share accounts that are in the scope of Saving Deposit/Saving Deposit Insurance Fund

2.1.2.1 Current and Participation Accounts Attributable to Real Entities/Persons under the Guarantee of Saving Deposit Insurance Fund Exceeding the Limit of the Deposit Insurance Fund

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving Deposit	
	Current period	**Prior period**	**Current period**	**Prior period**
Real persons current and profit-sharing accounts that are not subject to commercial activities				
TL accounts	24,964,865	15,907,330	21,500,880	10,483,445
FC accounts	39,675,693	33,522,314	86,313,956	40,073,387
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except for foreign branches) through current and profit share accounts which are opened by real persons and denominated in Turkish Lira or foreign currency with a limit of maximum of TL 150,000 (including both capital and profit shares) for each person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law No. 5411 which issued in official gazette no. 25893 on 1 November 2005.

2.1.2.2 If the headquarters of the Bank is abroad and the deposit account in its Turkish branch is in the scope of the insurance policy in the country of the headquarter of the Bank is founded, it should be explained:

The headquarters of the Bank is in Turkey.

2.1.2.3 Current and Profit Share Accounts of the real persons who are not in the scope of Saving Deposits Insurance Fund:

The Bank has no current or profit sharing accounts which are not under the guarantee of the Saving Deposit Insurance Fund except for the current and profit sharing accounts of shareholders, member of Board of Directors, CEO, the Vice Presidents and their first degree relatives.

	Current Period	**Prior Period**
Foreign branches' profit sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit sharing accounts of their mother, father, spouse and children in care	12,955	11,651
Profit sharing account and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No:5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	-	-

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2.2 Information on derivative financial liabilities held for trading

Derivative financial liabilities held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	130,125	2,718	23,081	2,927
Swap transactions	62,773	62,297	1,367,405	283,393
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**192,898**	**65,015**	**1,390,486**	**286,320**

2.3 Information on funds borrowed

2.3.1 Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from The Central Bank of the Republic of Turkey	-	-	-	-
From Domestic Banks and Institutions	4,785,462	132,958	2,823,017	3,773,050
From Foreign Banks, Institutions and Funds	10,000	3,393,554	45,929	4,946,896
Total	**4,795,462**	**3,526,512**	**2,868,946**	**8,719,946**

2.3.2 Information on maturity structure of borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	4,741,450	1,493,156	2,868,946	7,605,732
Medium and Long-Term	54,012	2,033,356	-	1,114,214
Total	**4,795,462**	**3,526,512**	**2,868,946**	**8,719,946**

2.3.3 Explanations related to the concentrations of the Bank's major liabilities

All of the borrowings consist of foreign currency loans and there is no risk concentration of the Bank's current and profit sharing accounts.

2.4 Information on other liabilities and miscellaneous payables

As of 31 December 2021, other liabilities amount to TL 1,672,968 (31 December 2020 – TL 1,034,437), sundry creditors amount to TL 2,703,783 (31 December 2020 - TL 783,731), both of them do not exceed 10% of the balance sheet total.

2.5 Information on finance lease payables (Net)

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	16,612	15,818	147,042	**134,673**
1 to 4 years	53,739	44,592	253,354	163,081
More than 4 years	451,837	291,965	127,183	46,271
Total	**522,188**	**352,375**	**527,579**	**344,025**

The Bank used FTP (Fund Transfer Pricing) rates as an alternative borrowing rate of profit at 1 January 2019. Relevant ratios are revised and revised in 2-week periods after 1 January 2019. The change in Participation Bank payments uses an unmodified discount rate unless the variable profit share rate is related. If the change in the lease payments results from variable profit share rates (LIBOR, EURIBOR), the lessee will use a revised discount rate reflecting changes in the profit share rate.

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2.5.1. Information on the changes in agreements and new obligations originating from these changes

None (31 December 2020 – None)

2.5.1.1 Information on Financial Lease Obligations

None (31 December 2020 – None)

2.5.1.2 Information on Operational Leases

The leasing transactions, in which all risks and benefits of the leased asset are held by the lessor, are classified as operational leases. Such transactions consist of rent contracts of branches which may be cancelled by declaration.

There are no significant commitments regarding the changes at the operational lease agreements.

The payments related with operational leases are recognized as expense in the income statement during the period of the agreement in equal installments.

2.6 Information on hedging derivative financial liabilities

None (31 December 2020 – None)

2.7 Information on provisions

2.7.1 Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans: As of 31 December 2021, effect of decrease in exchange rates on foreign currency indexed loans amounting to TL 50 (31 December 2020 – TL 3) and TL 7 for leasing receivables (31 December 2020 – TL 87) is offset against loans and receivables account.

2.7.2 Information on other provisions

	Current Period	Prior Period
Non-Cash loans that are not converted into cash	522,425	440,411
Special Provisions for non-cash loans	486,379	165,538
General Provisions for non-cash loans	678,145	447,552
Provision for Profits will be Allocated to Partipation Accounts	957	3,237
Other (*)	182,165	95,221
Total	**1,870,071**	**1,151,959**

(*) The other part of the main period amounting to TL 101,360 (December 31, 2020 - TL 35,525) is TL 9,365 (31 December 2020 - TL 100) for the expense of TL 63,404 (31 December 2020 - TL 56,211) is the amount for impairment loss. Provision for collected delay penalties 8,006 (December 31, 2020 – TL 3,385) which may be refunded is the amount related to other provision.

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2.7.3 Information on provisions for employee benefits:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 221,639 (31 December 2020 – TL 181,746), vacation pay liability amounting to TL 1,196 (31 December 2020 – TL 764), performance premium amounting to TL 201,534 (31 December 2020 – TL 135,803), retirement bonuses on payment of TL 130,241 (31 December 2020 – TL 86,659), committee fee amounting to TL17,256 (31 December 2020 – 13,627 TL) and other fees amounting to TL 438 (31 December 2020 – TL 243).

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire.

The amount payable consists of one month's salary limited to a maximum of TL 8,284.51 (full TL amount) (31 December 2020 – TL 6,730,15 (full TL amount)) for each year of service. The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	19.10	12.10
Interest rate (%)	15.80	8.00

Movements in the reserve for employment termination benefits during period are as follows

	Current Period	Prior Period
Balance at the beginning of the period	181,746	115,461
Provisions recognized during the period	49,512	30,769
Paid during the period	(10,687)	(4,704)
Actuarial loss	1,068	40,220
Balances at the end of the period	**221,639**	**181,746**

2.8 Explanations on tax liability

2.8.1 Explanations on current tax liability

2.8.1.1 Information on tax provisions: TL 1,158,997 (31 December 2020 TL 348,052)

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2.8.1.2 Information on taxes payable

	Current Period	Prior Period
Taxation of marketable securities	30,189	26,382
Taxation of immovable property	2,347	969
Banking Insurance Transaction Tax (BITT)	54,819	30,458
Foreign Exchange Transaction Tax	103,722	23,676
Value Added Tax Payable	9,482	2,792
Income tax deducted from wages	17,938	15,010
Other	2,078	1,679
Total	**220,575**	**100,966**

2.8.1.3 Information on premiums (*)

	Current Period	Prior Period
Social Insurance Premiums-Employee	10,527	8,626
Social Insurance Premiums-Employer	11,333	9,270
Unemployment insurance-Employee	751	617
Unemployment insurance-Employer	1,628	1,484
Total	**24,239**	**19,997**

(*) Included in sundry creditors line item on the balance sheet.

2.8.1.4. Information on deferred tax liability
None (31 December 2020 - None).

2.9. Information on payables related to assets held for sale:

None (31 December 2020 – None).

2.10 Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	8,100,496	-	4,590,265
Total	**-**	**8,100,496**	**-**	**4,590,265**

2.11 Information on shareholders' equity

2.11.1 Presentation of paid-in capital

	Current Period	Prior Period
Common shares	4,600,000	4,600,000
Preferrence shares	-	-
Repurchased shares amount (*)	(4,869)	(4,869)
Total	**4,595,131**	**4,595,131**

(*) It represents the Bank's acquisition of its own shares as a result of the Bank's shareholders not using their right of preference according to the commitment made in the capital increase in the Bank.

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2.11.2 Amount of Paid-in Capital, Disclosure on whether the Bank Applies the Registered Share Capital System, and, if so, the Ceiling Amount of the Registered Share Capital

Registered capital system is not applied in the Bank.

2.11.3 Information on the share capital increases during the period and their sources; other information on increased capital shares in the current period

None (31 December 2020 – None).

2.11.4 Information on share capital increases from capital reserves during the current period

2.11.5 Possible effect of estimations made for the Bank's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties

Based on the evaluation made considering the Bank's prior and current period indicators related to net profit share and commission income, it is observed that the Bank continues its operations profitably.

2.11.6 Summary of privileges given to shares representing the capital:

None. (31 December 2020 - None)

2.11.7 Information on marketable securities value increase fund:

	Current Period		**Prior Period**	
	TL	**FC**	**TL**	**FC**
From Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference (*)	57,132	(65,917)	(81,130)	94,206
Foreign Exchange Difference	-	-	-	-
Total	**57,132**	**(65,917)**	**(81,130)**	**94,206**

(*) Valuation difference is calculated taking the tax effect of the rent certifications in the account, which are classified as "Government Debt Securities" and "Other Marketable Securities" under financial assets at fair value through other comprehensive income in the balance sheet.

2.12 Information on minority shares

None (31 December 2020 – None).

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3. Explanations and notes related to off-balance sheet contingencies and commitments

3.1. Explanations on off-balance sheet accounts:

3.1.1 Types and amounts of irrevocable commitments: Commitment for credit card limits, as of 31 December 2021 amounts to TL 5,278,441 (31 December 2020 – TL 3,503,366); payment commitments for cheque books amounts to TL 1,750,116 (31 December 2020 – TL 1,372,786).

3.1.2 Types and amounts of probable losses and obligations arising from off-balance sheet items including below items

3.1.2.1 Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits

As of 31 December 2021, the Bank has guarantees and surety ships constituting of TL 11,846,585 (31 December 2020 – TL 9,590,794) of letters of guarantee; TL 113,683 (31 December 2020 – TL 40,996) of acceptances and TL 4,521,120 (31 December 2020 – TL 1,685,022) of letters of credit. Also, banks has other acceptances amounting to TL 912,257 (31 December 2020 – TL 546,682).

3.1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies: There are no other than those explained in 2.i

3.1.3 Total amount of non-cash loans

	Current period	**Prior period**
Non-cash loans given against cash loans	74,766	33,229
With original maturity of 1 year or less	74,766	33,229
With original maturity of more than 1 year	-	-
Other non-cash loans	17,318,879	11,830,265
Total	**17,393,645**	**11,863,494**

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3.1.4. Sectorial risk concentration of non-cash loans

	Current Period			
	TP	%	YP	%
Agriculture	**133,738**	**1.50**	**70,364**	**0.83**
Farming and stockbreeding	37,343	0.42	53,692	0.63
Forestry	95,089	1.07	16,672	0.20
Fishery	1,306	0.01	-	-
Manufacturing	**1,832,447**	**20.53**	**3,094,034**	**36.54**
Mining and quarrying	493,168	5.53	638,387	7.54
Production	1,093,192	12.25	2,333,739	27.56
Electricity, Gas, Water	246,087	2.76	121,908	1.44
Construction	**3,568,096**	**39.98**	**1,089,374**	**12.86**
Services	**2,813,633**	**31.52**	**3,116,270**	**36.80**
Wholesale and Retail Trade	1,710,046	19.16	2,014,153	23.79
Hotel, Food and Beverage Services	93,430	1.05	31,128	0.37
Transportation and Telecom.	481,137	5.39	503,573	5.95
Financial Institutions	18,929	0.21	344,148	4.06
Real Estate and Renting Services	71,475	0.80	8,078	0.10
Self-Employment Type Services	232	0.00	-	-
Educational Services	25,953	0.29	1,327	0.02
Health and Social Services	412,431	4.62	213,863	2.53
Other	**577,899**	**6.47**	**1,097,790**	**12.96**
Total	**8,925,813**	**100.00**	**8,467,832**	**100.00**

	Prior Period			
	TP	%	YP	%
Agriculture	**75,932**	**1.02**	**29,596**	**0.67**
Farming and stockbreeding	38,954	0.52	21,670	0.49
Forestry	36,978	0.50	7,926	0.18
Fishery	-	-	-	-
Manufacturing	**1,426,416**	**19.10**	**1,467,734**	**33.41**
Mining and quarrying	338,206	4.53	421,851	9.60
Production	774,486	10.37	1,006,187	22.90
Electricity, Gas, Water	313,724	4.20	39,696	0.90
Construction	**3,036,920**	**40.65**	**603,648**	**13.74**
Services	**2,346,149**	**31.41**	**1,466,554**	**33.38**
Wholesale and Retail Trade	1,314,073	17.59	729,169	16.60
Hotel, Food and Beverage Services	103,682	1.39	22,615	0.51
Transportation and Telecom.	475,975	6.37	363,945	8.28
Financial Institutions	18,502	0.25	226,343	5.15
Real Estate and Renting Services	52,713	0.71	27,995	0.64
Self-Employment Type Services	272	0.00	-	-
Educational Services	19,695	0.26	1,237	0.03
Health and Social Services	361,237	4.84	95,250	2.17
Other	**584,619**	**7.83**	**825,926**	**18.80**
Total	**7,470,036**	**100.00**	**4,393,458**	**100.00**

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3.1.5. Non-cash loans classified under Group I and II

Current Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	**8,417,741**	**7,936,747**	**268,864**	**294,603**
Letters of Guarantee (*)	7,578,148	3,372,872	252,197	167,699
Bills of Exchange and Bank Acceptances	1,044	112,639	-	-
Letters of Credit	10,875	4,380,274	3,067	126,904
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Securities (*)	827,674	70,962	13,600	-

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans(*)	**6,903,342**	**4,178,033**	**312,420**	**67,125**
Letters of Guarantee (*)	6,475,176	2,400,361	268,049	44,636
Bills of Exchange and Bank Acceptances	4,503	34,535	1,000	958
Letters of Credit	14,424	1,649,067	-	21,531
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Securities (*)	409,239	94,070	43,371	-

(*) As of 31 December 2021, there are 3. stage Letters of Guarantee amounting to TL 475,669 (December 31, 2020 – TL 402,572) and Other Guarantees and Bails amounting to TL 21 (31 December 2020 - TL 2).

3.2. Financial derivative instruments

	Trading Derivatives	
	Cari dönem	Önceki dönem
Foreign currency related derivative		
Foreign Currency Related Derivative Transactions (I):	**73,484,299**	**84,554,297**
Currency Forwards-Purchases, sales	**5,624,370**	**3,214,430**
Currency Swaps-Purchases, sales	**67,859,929**	**81,339,867**
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Interest rate related derivative transactions (II):	-	-
Interest rates forwards-Purchase, sales	-	-
Interest rates swaps-Purchases, sales	-	-
Interest rates options-Purchases, sales	-	-
Interest rates futures-Purchases, sales	-	-
Other trading derivatives (III)	**88,062**	**12,274,248**
A. Total trading derivatives (I+II+III)	**73,572,361**	**96,828,545**
	-	-
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
		-
Total Derivatives Transactions (A+B)	**73,572,361**	**96,828,545**

The Bank enters into short-term swap transactions based on its market expectations and cash flow. These transactions are generally short-term and consist of foreign currency to foreign currency and foreign currency to Turkish Lira agreements. As of 31 December 2021, in the contracts the bank has entered in TL, US Dollars, Euros, British Pounds, Saudi Arabian Riyal, Russian Ruble, Silver and Gold currencies, the Bank has commitments to buy TL 1,439,007 USD 1,624,839,000, EUR 26,980,000, GBP 43,797,000, CHF 7,285,000 in return of selling commitments of TL 1,723,248, USD 264,511,000, EUR 2,051,366,000, GBP 63,000. (As of 31 December 2020 in the contracts the bank has entered in TL, US Dollars, Euros, British Pounds and Malaysian Ringite currencies, the Bank has commitments to buy TL 786,085, USD 3,290,100,000, EUR 97,419,000, GBP 44,126,000, SAR 56,279,000 and RUB 54,078,000 in return of selling commitments of TL 24,395,510, USD 546,131,000, EUR 2,268,673,000, GBP 12,029,000 and RUB 38,805,000).

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3.3. Credit derivatives and risk exposures on credit derivatives

None.

3.4. Contingent liabilities and assets

In accordance with decision of the Bank's Board of Directors numbered 1117 and dated 21 June 2011, recoverable foreign currency loan granting commitments to real and legal persons and who do not have the unconditional right to utilize these commitment has been translated into Turkish Lira and no longer followed as foreign currency commitments.

3.5. Explanations on custodian and intermediary services

None.

3.6. Summary Information on the Bank's Rating by the International Rating Institutions

Fitch Rating's October 2020	**Notes**
Long-Term Issuer Default Rating	B+
Short-Term Issuer Default Rating	B
Local Currency Long-Term Issuer Default Rating	BB-
Local Currency Short-Term Issuer Default Rating	B
Financial Capacity Ratio	b+
Support Rating	4

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4. Explanations and notes related to the statement of income

4.1 Information on profit share income

4.1.1 Information on profit share received from loans

	Current period		Prior period	
	TL	FC	TL	FC
Profit share on loans	**7,095,760**	**1,458,883**	**5,250,272**	**924,105**
Short term loans	2,244,092	219,724	1,117,394	90,711
Medium and long-term loans	4,539,776	1,170,754	4,085,874	831,630
Profit share on non-performing loans	311,892	68,405	47,004	1,764
Premiums received from resource utilization support fund	-	-	-	-
Total	**7,095,760**	**1,458,883**	**5,250,272**	**924,105**

4.1.2 Information on profit share received from banks

	Current period		Prior period	
	TL	FC	TL	FC
The Central Bank of the Republic of Turkey	230,553	-	37,473	-
Domestic Banks	4,225	-	970	-
Foreign Banks	5,578	90,037	60,698	60,178
Branches and head office abroad	-	-	-	342
Total	**240,356**	**90,037**	**99,141**	**60,520**

4.1.3 Information on profit share income from securities portfolio

	Current Period		Prior Period	
	TP	YP	TP	YP
Financial Assets at Fair Value Through Profit or Loss	70,091	200,902	85,748	228,084
Financial Assets at Fair Value Reflected in Other Comprehensive Income	2,574,070	510,314	1,768,791	349,355
Financial Assets Valued Over Amortized Cost	-	127,100	-	170,974
Total	**2,644,161**	**838,316**	**1,854,539**	**748,413**

4.1.4 Information on profit share income received from associates and subsidiaries

	Current Period	Prior Period
Profit share income received from associates and subsidiaries	46,423	39,083

4.2 Information on profit share expenses

	Current period		Pirior period	
	TL	FC	TL	FC
Banks	**27,807**	**146,993**	**23,948**	**31,978**
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic banks	23,751	3,464	22,052	4,506
Foreign banks	4,056	143,529	1,896	27,472
Branches and head office abroad	-	-	-	-
Other Institutions	732,927	553,874	158,058	567,583
Total	**760,734**	**700,867**	**182,006**	**599,561**

4.2.1 Profit share expense given to associates and subsidiaries

	Current period	Pirior period
Profit share expenses given to associates and subsidiaries	329,684	586,767

4.2.2 Profit share expense paid to securities issued

None (1 January – 31 December 2020: None).

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4.3 Information on dividend income

	Current Period	Prior Period
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Other	6,042	68
Total	**6,042**	**68**

4.4 Distribution of profit share on funds based on maturity of funds

Current period	**Profit Sharing Accounts**							
Account name	**Up to 1 month**	**Up to 3 months**	**Up to 6 months**	**Up to 9 months**	**Up to 1 year**	**Above 1 year**	**Accumulated profit sharing accounts**	**Total**
Turkish Lira								
Collected funds from banks through current and profit share accounts	-	2	-	-	-	-	-	2
Real person's non-trading profit sharing account	1,226,974	1,402,886	67,492	-	76,345	98,608	2,438	2,874,743
Public sector profit sharing account	36	120	99	-	94	-	-	349
Commercial sector profit sharing account	85,602	122,789	2,230	-	2,081	1,430	-	214,132
Other institutions profit sharing account	16,142	24,530	2,528	-	517	67	-	43,784
Total	**1,328,754**	**1,550,327**	**72,349**	**-**	**79,037**	**100,105**	**2,438**	**3,133,010**
Foreign curency								
Banks	-	-	-	-	-	-	-	-
Real person's non-trading profit sharing account	64,389	82,590	8,458	-	14,783	18,359	87	188,666
Public sector profit sharing account	-	-	-	-	-	-	-	-
Commercial sector profit sharing account	5,899	11,199	387	-	209	52	-	17,746
Other institutions profit sharing account	451	1,905	6	-	7	-	-	2,369
Precious metal accounts	8,379	4,156	629	-	520	-	-	13,684
Total	**79,118**	**99,850**	**9,480**	**-**	**15,519**	**18,411**	**87**	**222,465**
Grand Total	**1,407,872**	**1,650,177**	**81,829**	**-**	**94,556**	**118,516**	**2,525**	**3,355,475**

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Prior period	Profit Sharing Accounts							
Account name	**Up to 1 month**	**Up to 3 months**	**Up to 6 months**	**Up to 9 months**	**Up to 1 year**	**Above 1 year**	**Accumulated profit sharing accounts**	**Total**
Turkish Lira								
Collected funds from banks through current and profit share accounts	-	1	-	-	-	-	-	1
Real person's non-trading profit sharing account	552,292	816,804	51,283	-	61,964	93,576	1,358	1,577,277
Public sector profit sharing account	25	27	54	-	39	-	-	145
Commercial sector profit sharing account	47,506	96,576	4,310	-	1,795	1,324	-	151,511
Other institutions profit sharing account	5,484	12,324	967	-	440	115	-	19,330
Total	**605,307**	**925,732**	**56,614**	**-**	**64,238**	**95,015**	**1,358**	**1,748,264**
Foreign curency								
Banks	15	559	27	-	-	-	-	601
Real person's non-trading profit sharing account	42,018	64,866	9,074	-	10,000	14,125	25	140,108
Public sector profit sharing account.	-	-	-	-	-	-	-	-
Commercial sector profit sharing account	3,869	11,087	384	-	410	53	-	15,803
Other institutions profit sharing account	387	1,395	111	-	63	-	-	1,956
Precious metal accounts	8,614	6,313	845	-	791	-	-	16,563
Total	**54,903**	**84,220**	**10,441**	**-**	**11,264**	**14,178**	**25**	**175,031**
Grand Total	**660,210**	**1,009,952**	**67,055**	**-**	**75,502**	**109,193**	**1,383**	**1,923,295**

4.5 Information on trading income/loss (Net)

	Current period	Pirior period
Net	**2,160,959**	**571,361**
Income	**138,884,440**	**61,702,657**
Gain on capital market transactions	89,894	74,885
Gain on derivative financial instruments	9,057,028	5,903,317
Foreign exchange profit	129,737,518	55,724,455
Losses (-)	**(136,723,481)**	**(61,131,296)**
Losses on capital market transactions	(31,305)	(29,857)
Losses on derivative financial instruments	(7,098,493)	(8,116,336)
Foreign exchange losses	(129,593,683)	(52,985,103)

4.6 Information on other operating income

The details of other operating income are presented below. There are no unusual items in the other operating income which materially affect the income of the Bank.

	Current Period	Prior Period
Reversal of prior period provisions	644,051	540,455
Income from sale of assets	40,443	20,979
Revenues from real estates sold under the lease certificate.	209,867	69,847
Income from the real estate sales' gains by rent certificates	5,656	8,052
Other Income	25,252	8,733
Total	**925,269**	**648,066**

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4.7 Provisions for loan losses and other receivables of the Bank

	Current Period (*)	Prior Period (*)
Expected Credit Loss	**4,566,363**	**3,237,473**
12 month expected credit loss (Stage 1)	1,245,871	729,722
Significant increase in credit risk (Stage 2)	2,040,864	807,415
Non-performing loans (Stage 3)	1,279,628	1,700,336
Marketable Securities Impairment Expense	**15,264**	**22,488**
Financial Assets at Fair Value through Profit or Loss	15,264	22,488
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment losses from Associates, Subsidiaries and Jointly Controlled Entities	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (**)	**146,762**	**287,215**
Total	**4,728,389**	**3,547,176**

(*) Includes the provisions in the "Other Provision Expenses" line in the Income Statement.
(**) Includes free provisions that can be allocated from profit to be distributed to participation accounts according to provisions regulation.

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4.8 Information on other operating expenses

	Current Period	Prior Period
Provision for retirement pay liability (*)	38,825	26,065
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	235,625	204,730
Impairment expenses of intangible assets	-	-
Depreciation expenses of intangible assets	55,337	35,950
Depreciation expenses of assets held for sale	-	-
Other operating expenses	501,250	422,233
Maintenance expenses	110,318	91,495
Communication expenses	75,843	61,646
Advertisement expenses	66,159	43,968
Heating, electricity and water expenses	30,645	25,327
Stationery expense	13,609	9,931
Vehicle expenses	12,478	8,265
Cleaning expenses	8,856	7,471
Leasing Expenses Related to TFRS 16 Exceptions	734	2,921
Other expenses	182,608	171,209
Losses on sales of assets	4,967	344
Deposit insurance fund expenses	429,377	320,386
Other	253,610	193,753
Total	**1,518,991**	**1,203,461**

(*) Includes the provisions in the" Personnel Expenses "line in the Income Statement of prior period.

According to the decision of POA dated March 26, 2021, the fee information for the reporting period for services received from the independent auditor or audit organization is given in the following table. These fees also include the audit fees of the Bank's subsidiaries. The fee information given in the table is excluding VAT.

Current Period	Independent audit services provided by the group auditor	Independent audit services provided by other Independent Audit companies
Independent audit fee for the reporting period (*)	6,846	225
Fees for tax consulting services	-	-
The cost of other assurance services	1,274	-
The cost of other services outside the independent audit	-	-
Total	**8,120**	**225**

Prior Period	Independent audit services provided by the group auditor	Independent audit services provided by other Independent Audit companies
Independent audit fee for the reporting period (*)	3,834	343
Fees for tax consulting services	-	-
The cost of other assurance services	944	-
The cost of other services outside the independent audit	-	-
Total	**4,878**	**343**

(*) The Bank's foreign currency exchange purchase valuation rates were used for foreign currency independent audit fees at the end of the period 31 December 2021 / 31 December 2020.

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4.9 Information on profit/loss from continued and discontinued operations before taxes

Income before tax amounting to TL 3,547,366 increased by 91,40% as compared to the prior period (1 January - 31 December 2020 – TL 1,852,683). Income before tax includes TL 7,630,442 (1 January - 31 December 2020 – TL 6,209,076) net profit share income and TL 577,758 (1 January - 31 December 2020 – TL 350,721) net fees and commission income. Other operating expense amount is TL 1,518,991 (1 January - 31 December 2020 – TL 1,203,461).

4.10 Information on tax provision for continued and discontinued operations

Current period tax provision for the period amounting to TL 2,000,422 (1 January-31 December 2020 - TL 781,806), deferred tax income of TL 20,366 (1 January-31 December 2020 - TL 134,484) and TL 975,149 (1 January-31 December 2020 - TL 463,888) deferred tax income is recognized.

4.11 Information on net income/loss from continued and discontinued operations

There is no income or loss for discontinued operation in net operating income after tax.

4.12 Information on net income/loss

4.12.1 The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period:

As of 31 December 2021, net profit share income is TL 7,630,442 (1 January-31 December 2020 – TL TL 6,209,076), net fees and commission income is TL 577,758 (1 January-31 December 2020 – TL 350,721).

4.12.2 Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods:

None (1 January – 31 December 2020 – None).

4.12.3 Profit/Loss attributable to minority interest:

None (1 January - 31 December 2020 – None).

4.13 Details of sub accounts comprising at least 20% of other items in income statement, exceeding 10% of total income statement

As of 31 December 2021, other fees and commissions received is TL 977,196 (1 January - 31 December 2020 – TL 674,716), TL 312,322 of this amount is related with credit card fees and commissions (1 January - 31 December 2020 – TL 147,028) and TL 198,049 of this amount is related with POS machine commissions (1 January – 31 December 2020 -118,516 TL).

As of 31 December 2021, other fees and commissions given is TL 540,736 (1 January - 31 December 2020 – TL 433,766), TL 242,537 (1 January - 31 December 2020 – TL 111,537) of this amount is related with POS clearing commissions and installation expenses, TL 76,380 (1 January - 31 December 2020 – TL 38,445) of this amount is related with fees and commissions paid for credit cards.

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5. Explanations and Disclosures Related to Statement of Changes in Shareholders' Equity

5.1 There are no disclosed dividend amounts subsequent to the balance sheet date, prior to the presentation of the financial statements.

Decision on the dividend distribution will be made in the General Assembly. However, the General Assembly has not been held as of the date when the accompanying financial statements are finalized.

5.2 In the current year, the Bank made dividend payments amounting to TL 9,132 to members of Board of Directors. In the General Assembly meeting held in 25 March 2021 it has been decided that TL 70,927 would be transferred to legal reserves, TL 1,319,715 would be transferred to extraordinary reserve, TL 507 would be transferred to other reserves.

6. Explanations and Disclosures Related to Statement of Cash Flows

6.1. Information on cash and cash equivalents

6.1.1. Components of cash and cash equivalents and accounting policy applied in their determination:

"Cash" is defined as cash in vault and foreign currency cash, cash in transit, checks purchased, unrestricted amount in the Central Bank and demand deposits in Banks. "Cash equivalents" is defined as money market placements, investments in securities and time deposits in banks with original maturity less than three months.

6.1.1.1 Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
Cash	**11,971,283**	**18,893,086**
Cash in TL/foreign currency, others	6,161,816	2,128,075
Demand deposits at banks (Up to 3 months)	5,809,467	16,765,011
Cash Equivalents	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
Total cash and cash equivalent	**11,971,283**	**18,893,086**

6.1.1.2. Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	**36,643,018**	**11,971,283**
Cash in TL/foreign currency, others	22,120,074	6,161,816
Demand deposits at banks (Up to 3 months)	14,522,944	5,809,467
Cash Equivalents	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
Total cash and cash equivalent	**36,643,018**	**11,971,283**

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6.2. Cash and cash equivalent items which are restricted for the usage of the Bank by legal or other limitations

None (31 December 2020 – None).

6.3. Explanations on other items in the cash flow statement

"Other items" amounting to TL (1,860,549) (1 January-31 December 2020: TL (1,438,893)) in "Operating profit before changes in operating assets and liabilities" consists of fees and commissions paid and other operating expenses except for collection from non-performing loans and personnel expenses.

"Net increase/decrease in other liabilities" amounting to TL 13,367,399 (1 January-31 December 2020: TL 2,429,589) in "Changes in operating assets and liabilities" consists of changes in sundry creditors, other liabilities and taxes and other duties payables.

"Net increase/decrease in other assets" amounting to TL 5,641,096 (1 January-31 December 2020: TL (8,803,862)) in "Changes in operating assets and liabilities" consist of changes in prepaid rent expense and other asset.

6.4. Effects of the change in foreign currency rates on cash and cash equivalents

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately TL 27,336,234 as of 31 December 2021 (31 December 2020 – TL (5,409,401)). The effects of the change in foreign currency rates on cash and cash equivalents is calculated according to multiplying fx difference between balance sheet date and cash entered date and related cash amount.

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7. Explanations and notes related to risk group of the Bank:

7.1 The volume of transactions related to the risk group of the Bank, the loans and funds collected which have not been completed at the end of the period and the income and expenses related to the period

Current period:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	185,615	21,015	4,695	6,709	54,992	6,632
Balance at end of period	482,838	40,601	6,955	21,246	64,316	2,297
Profit share and commission income	428	234	526	145	4,362	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

Prior period:

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	178,601	18,527	1,868	7,206	780,512	723
Balance at end of period	185,615	21,015	4,695	6,709	54,992	6,632
Profit share and commission income	275	195	258	85	5,263	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

7.2 Information on current and profit sharing accounts of the Bank's risk group

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Current period	Current period	Current Period	Current period	Current period
Current and profit sharing accounts						
Balance at beginning of period	63,485	181,714	58,677	151,321	203,570	390,698
Balance at end of period	137,443	63,485	104,748	58,677	348,052	203,570
Profit share expense	1,401	6,642	980	852	266	271

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

7.3 Forward and option agreements and other similar agreements with the risk group of the Bank

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Transactions at Fair Value through Profit or Loss						
Balance at beginning of period	240,454	75,460	716,065	607,498	-	-
Balance at end of period	758,268	240,454	1,992,498	716,065	-	-
Total Profit / Loss	201,157	(333)	(2,476)	(13,619)	-	-
Hedging Transactions	-	-	-	-	-	-
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

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7.4 Information on loans received from the Bank's risk group

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Borrowings						
Balance at beginning of period	11,474,110	8,324,759	1,481,347	68,696	-	-
Balance at end of period	13,143,066	11,474,110	270,055	1,481,347	-	-
Profit share expense	328,283	580,125	4,641	41	-	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

7.5 Information on remunerations provided to top management

Subordinated additional capital (Tier-I) sukuks amounting to USD 200,000,000 (full amount) executed by the Bank on 16/07/2019 and USD 50,000,000 (full amount) executed by the Bank on 28/09/2020 are provided by Kuwait Finance House. Kuwait Finance House owns USD 35,000,000 (full amount) of the subordinated additional capital (Tier-II) sukuk amounting to USD 350,000,000 (full amount) executed by the Bank on 16/09/2021.

7.6 Information on remunerations provided to top management:

As of 1 January - 31 December 2021, the Bank has paid TL 79,675 to top management (1 January - 31 December 2020 TL 64,393).

8. Domestic, foreign and off-shore branches or equity investments and foreign representative offices

8.1. Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees			
Domestic branches (*)	442	4,098			
			Country		
Foreign representative offices				Total Assets (Thousands, TL)	Legal Capacity (USD)
Foreign bank	1	117	Germany	12,973	45,982,036
Off-shore branches	1	3	Bahrain	13,807	-
Foreign branches	-	-	-	-	-

(*) The personnel working at Headquarters, Operation Center and Region quarters are not included in the domestic branches personnel number.
(**) Bahrain Branch is controlled by the Central Bank of Bahrain and the total of Assets is 13,807,219 Turkish lira as of 31 December 2021.

8.2. Opening or closing of domestic and foreign branches and representative offices and significant changes in organizational structure

In 2021, 7 new domestic branches (2020 - 4 branches) were opened. The Bank does not have any domestic or foreign branches that were closed in 2021. (2020- None).

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9. Significant events and matters arising subsequent to balance sheet date

Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on January 05, 2022 with a nominal value of TL 100,000 and a maturity of 77 days with a cost of 17.51%.

Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on January 5, 2022 with a nominal value of TL 300,000 and a maturity of 77 days with a cost of 17.26%.

Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on January 12, 2022 with a nominal value of TL 600,000 and a maturity of 84 days with a cost of 17.75%.

Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on January 13, 2022 with a nominal value of TL 200,000 and a maturity of 95 days with a cost of 13.81%.

Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on January 14, 2022 with a nominal value of TL 150,000 and a maturity of 84 days with a cost of 17.75%.

Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on January 26, 2022 with a nominal value of TL 425,000 and a maturity of 84 days with a cost of 17.75%.

Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on January 27, 2022 with a nominal value of TL 300,000 and a maturity of 89 days with a cost of 18.25%.

Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on February 2, 2022 with a nominal value of TL 60,000 and a maturity of 85 days with a cost of 17.26%.

Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on February 3, 2022 with a nominal value of TL 250,000 and a maturity of 85 days with a cost of 13,81%.

Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on February 4, 2022 with a nominal value of TL 300,000 and a maturity of 82 days with a cost of 17.75%.

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SECTION SIX

OTHER EXPLANATIONS

1. **Other matters which must be explained in terms of explicitness, interpretability and understandability of the balance sheet:** None.

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

1. **Explanations audit report**

The unconsolidated financial statements have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and the independent auditors' report dated 9 February 2022 is presented preceding the financial statements.

2. **Notes and disclosures prepared by the independent auditor:** None.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

Independent auditor's report, consolidated financial statements and notes for the year ended December 31, 2021

(Convenience translation of consolidated financial statements and independent auditor's report originally issued in Turkish)

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(Convenience translation of the auditor's report originally issued in Turkish ~ See Note I of Section Three)

REPORT ON CONSOLIDATED FINANCIAL INFORMATION

To the General Assembly of Kuveyt Türk Katılım Bankası A.Ş.

A) Audit of consolidated Financial Statements

1) Opinion

We have audited the accompanying consolidated financial statements of Kuveyt Türk Katılım Bankası A.Ş (the "Bank") and its subsidiaries (collectively referred as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of income, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements and a summary of significant accounting policies and other explanatory information.

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

2) Basis for Opinion

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

3) Key Audit Matter

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

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Key Audit Matter	How the matter is addressed in our audit
Classification, measurement and impairment of financial assets within the scope of TFRS 9 "Financial Instruments" Standard and disclosures	
As disclosed in footnote 1.6 of Section 3; the Group measures expected credit losses for financial instruments by TFRS 9 "Financial Instruments Standards". The rationale reasons for selecting TFRS 9 implementation and impairment of financial assets as key audit subject are as follows; - Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements - The applications TFRS 9 are complex and comprehensive - The classification of financial instruments based on the Group's business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows - Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses - The complexity and intensity of the control environment in the processes designed or reorganized for TFRS 9 - Estimations and assumptions used in expected credit losses are new, important and complex - Complex and comprehensive disclosure requirements of TFRS 9.	Our audit procedures in addition to our current audit procedures: - Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Group's past performance, and local and global practices and notifications from regulatory authorities - Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Information Systems and Process Audit specialists - Evaluation of the impact of Covid-19 outbreak on the staging of loans and macroeconomic variables used in the expected loan loss allowance calculations, together with its effect on the fair value calculations, important forecasts and assumptions. - Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices - Testing criteria used for determining the contractual cash flows including profit share payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Group's business model - Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Group's historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis - Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses - Detailed testing of mathematical verification of expected credit losses' calculation on a sample basis - Evaluating the judgments and estimates used for the individually assessed financial assets. - Evaluating the necessity and accuracy of the updates made or required updates after the modeling process - Auditing of disclosures related to TFRS 9.

4) Responsibilities of Management and Directors for the Consolidated Financial Statements

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

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

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

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Identify and asses 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 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentations.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entries 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.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe the matters in our auditor's report unless law or regulation precludes public disclosures 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) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") ; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period 1 January – 31 December 2021 are not in compliance with the TCC and the Bank's articles of association in relation to financial reporting.

2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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.

The engagement partner who supervised and concluded this independent auditor's report is Emre Çelik.

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

Emre Çelik, SMMM
Partner

21 February 2022
Istanbul, Turkey

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KUVEYT TÜRK KATILIM BANKASI A.Ş. CONSOLIDATED FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

Address of the head office	: Büyükdere Cad. No:129/1 34394 Esentepe-Şişli / İSTANBUL
Phone number and fax number	: 0 212 354 11 11 - 0 212 354 12 12
Web page	: www.kuveytturk.com.tr
E-mail address	: kuveytturk@kuveytturk.com.tr

The consolidated financial report for year ended prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- General Information about the Parent Bank
- Consolidated Financial Statements of the Parent Bank
- Explanations on Accounting Policies
- Information on Financial Structure of the Group which is Under Consolidation
- Disclosures and Explanations on Consolidated Financial Statements
- Other Explanations
- Independent Auditors' Report

The subsidiaries, associates and jointly-controlled entities which are consolidated within the framework of financial statements of the reporting package are as follows:

	Subsidiaries	Associates	Jointly Controlled Entities	Investment Fund
1.	KT Sukuk Varlık Kiralama A.Ş.		Katılım Emeklilik ve Hayat A.Ş.	Kt Portföy Kuveyt Türk Yabancı Katılım Serbest Özel Fon
2.	KT Kira Sertifikaları Varlık Kiralama A.Ş.			
3.	Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.			
4.	KT Bank AG.			
5.	KT Portföy Yönetimi A.Ş.			
6.	Neova Katılım Sigorta A.Ş.			

The consolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances and in compliance with the financial records of our Bank and, unless stated otherwise, presented in thousands of Turkish Lira (TL).

Hamad Abdulmohsen AL-MARZOUQ Chairman of the Board of Directors	Shadi Ahmed Yacoub ZAHRAN Head of the Audit Committee	Nadir ALPASLAN Member of the Audit Committee
Mohamed Hedi MEJAI Member of the Audit Committee	Ufuk UYAN Chief Executive Officer	Ahmet KARACA Chief Financial Officer	Mehmed Tahir Kaplan Budget and Reporting Group Manager

Contact information of the personnel in charge of the addressing of questions about this financial report:

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KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 DECEMBER 2021
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

1. History of the Parent Bank including its incorporation date, initial legal status and amendments to legal status

Kuveyt Türk Katılım Bankası A.Ş. ("The Bank") was incorporated with the approval of the Central Bank of the Republic of Turkey (CBRT) on 28 February 1989 and commenced its operations on 31 March 1989, with the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. To comply with the Banking Act 5411, the title of the Bank has been changed to Kuveyt Türk Katılım Bankası A.Ş. with a change in the Articles of Association which was approved in the annual general meeting dated 26 April 2006. Main field of operation is, in addition to the Bank's equity, to collect funds from domestic and foreign customers through "Current Accounts" and "Profit/ Loss Sharing Accounts" and allocate such funds to the economy, to perform all kinds of financing activities in accordance with the regulations, to encourage the investments of all individuals and legal entities operating in agricultural, industrial, trading and service industries, participating into the operations of these entities or individuals and to form joint business partnerships and to perform all these activities in a non-interest environment.The parent bank and consolidated financial partnerships are together called "The Group".

2. Parent Bank structure, shareholders jointly or individually having direct or indirect control over the management and supervision of the Bank and the disclosures on any related changes in the current period, if any, and information about the Group that the Bank belongs to

As of 31 December 2021, 62.24% of the Parent Bank's shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by Wafra International Investment Company in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% of the shares are owned by other real persons and legal entities.

3. Explanations regarding the chairman and the members of board of directors, audit committee members, general manager and assistant general managers and their shares in the parent bank

Name	Title	Date of the Assignment	Date of Audit Committee Assignments	Audit Committee End Date	Educational Degree	Ownership Percentage
Hamad Abdulmohsen AL MARZOUQ	Head of the BOD	25/06/2014			Master	-
Shadi Ahmed Yacoub ZAHRAN	Member of BOD and chairman of the audit committee	25/09/2020	04/11/2020		Master	-
Nadir ALPASLAN	Vice President of BOD and member of Audit Committee	15/04/2011	24/12/2019		Bachelor	-
Salah A E AL MUDHAF	Member of BOD	07/10/2019			Bachelor	-
Burhan ERSOY	Member of BOD	18/06/2020			Bachelor	-
Mohamed Hedi MEJAI	Member of BOD and Audit Committee	25/03/2021	04/05/2021		Master	-
Ahmad S A A AL KHARJİ	Member of BOD	26/03/2014	24/09/2014	09/09/2020	Master	-
Gehad Mohamed Elbendary ANANY	Member of BOD	25/09/2020	09/09/2020	04/11/2020	Bachelor	-
Ufuk UYAN	Member of BOD and General Manager	10/05/1999			Master	%0.057
Ahmet KARACA	Assistant General Manager, Financial Control.	12/07/2006			Master	%0.001
Ahmet Süleyman KARAKAYA	Assistant General Manager, Corporate and Commercial Banking	14/01/2003			Bachelor	-
Bilal SAYIN	Assistant General Manager, Lending	20/08/2003			Bachelor	%0.004
İrfan YILMAZ	Assistant General Manager, Banking Services	27/10/2005			Bachelor	%0.017
Dr. Ruşen Ahmet ALBAYRAK	Assistant General Manager, Treasury and International Banking.	05/05/2005			Doctorate	%0.008
Nurettin KOLAÇ	Assistant General Manager, Legal and Risk Follow Up	20/04/2010			Bachelor	%0.001
Aslan DEMİR	Assistant General Manager, Strategy	08/10/2012			Bachelor	%0.006
Mehmet ORAL	Assistant General Manager, Retail Banking	01/10/2012			Bachelor	%0.005
Abdurrahman DELİPOYRAZ	Assistant General Manager, SME Banking	09/01/2015			Bachelor	%0.005
Hüseyin Cevdet YILMAZ	Head of Risk, Control and Compliance Group	16/12/2003			Bachelor	%0.001

Chairman and members of the Board of Directors, members of auditing committee, general manager and assistant general managers own 0.10% of the Parent Bank's share capital (31 December 2020 – 0.12%).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 DECEMBER 2021
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

4. Information on qualified parent bank

Name / Commercial Name	Share amount (Nominal)	Shareholding percentage	Paid shares (Nominal)	Unpaid shares
Kuwait Finance House	2,863,098	%62.24	2,863,098	-
Vakıflar Genel Müdürlüğü Mazbut Vakıfları	861,086	%18.72	861,086	-
Total	**3,724,184**	**%80.96**	**3,724,184**	**-**

As of 31 December 2021, the shares of parent shareholder of Bank, Kuwait Finance House ("KFH") are 51.95% publicly traded; 24.08% of KFH belongs to Kuwait Investment Authority and 10.48% belongs to Public Authority for Minors Affairs.

5. Explanations of the Parent Bank's services and field of operations

The Parent Bank's field of operations includes corporate banking, international banking services, and retail banking and credit card services. The Parent Bank's core business is operating in accordance with the principles of interest-free banking as a participation parent bank by collecting funds through current and profit/loss sharing accounts and lending such funds to its customers. As of 31 December 2021, the Group is operating through 448 domestic branches (31 December 2020 – 440) with 6,760 employees (31 December 2020 – 6,552). Summary of some of the Bank's operations described in the Articles of Association are as follows:

- To collect funds through "Current Accounts" and "Profit/Loss Sharing Accounts" and special fund pools in line with the regulations;
- To allocate funds to the economy and provide all kinds of cash, non-cash loans within the principles of non-interest banking;
- To offer financial and operational leasing;
- To handle all kinds of deposits and payments, including travelers' checks, credit cards and other payment instruments, provide member business services (POS), consulting, advisory, and safe deposit box services;
- To purchase financial instruments on money and capital markets in cash or installments, sell and mediate the sale and trade on the stock exchange in accordance with legislation and principles of non-interest banking;
- To purchase, acquire and construct any kind of real estate and if necessary, lease or transfer ownership to other persons;
- To act as a representative, deputy or agent for corporations and enterprises (including insurance companies);
- To provide socially responsible aid for the benefit of the community in the light of the legislations.

The Parent Bank's activities are not limited to the list above. If another transaction is decided to be beneficial to the Bank, the transaction must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities after whom it also needs to be approved by the Ministry of Trade since it constitutes an amendment of the Article of Association. Decisions that have been approved through all these channels will be included to the Article of Association. Disclosures on the differences between the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the consolidation transactions made in accordance with the Turkish Accounting Standards and the entities subject to full or proportionate consolidation, deducted from equity or not included in these three methods: According to the Communiqué on the Preparation of the Consolidated Financial Statements of Banks, only While financial partnerships are included in the scope of consolidation, all financial and non-financial partnerships should be included in the scope of consolidation in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards.

6. Current or likely actual legal barriers to immediate transfer of equity or repayment of debts between Parent Bank and its subsidiaries

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

I. Consolidated Balance Sheet (Statement of Financial Position)
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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. Profit Distribution Table of the Parent Bank

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021

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

1. CONSOLIDATED BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

					Audited Current Period 31.12.2021			Audited Prior Period 31.12.2020
	ASSETS	**Note**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**FINANCIAL ASSETS (Net)**		**24,046,232**	**105,440,047**	**129,486,279**	**18,713,223**	**42,715,415**	**61,428,638**
1.1.	**Cash and Cash Equivalents**		**6,177,294**	**76,898,338**	**83,075,632**	**2,258,436**	**30,222,312**	**32,480,748**
1.1.1.	Cash and Balances with Central Bank	(5.1.1.)	5,384,058	61,590,221	66,974,279	1,144,427	23,966,543	25,110,970
1.1.2.	Banks	(5.1.3.)	793,894	15,310,474	16,104,368	1,114,456	6,256,097	7,370,553
1.1.3.	Money Markets		-	-	-	-	-	-
1.1.4.	Expected Credit Loss (-)		658	2,357	3,015	447	328	775
1.2.	**Financial Assets at Fair Value Through Profit or Loss**		**868,992**	**12,071,109**	**12,940,101**	**942,789**	**6,820,410**	**7,763,199**
1.2.1.	Government Debt Securities		395,925	10,639,682	11,035,607	315,651	6,735,347	7,050,998
1.2.2.	Equity Instruments		-	-	-	-	-	-
1.2.3.	Other Financial Assets		473,067	1,431,427	1,904,494	627,138	85,063	712,201
1.3.	**Financial Assets at Fair Value Through Other Comprehensive Income**	**(5.1.4.)**	**16,194,017**	**15,877,745**	**32,071,762**	**15,383,452**	**5,339,633**	**20,723,085**
1.3.1.	Government Debt Securities		16,083,932	15,622,265	31,706,197	15,299,606	5,190,032	20,489,638
1.3.2.	Equity Instruments		8,789	75,285	84,074	8,741	40,405	49,146
1.3.3.	Other Financial Assets		101,296	180,195	281,491	75,105	109,196	184,301
1.4.	**Derivative Financial Assets**	**(5.1.2.)**	**805,929**	**592,855**	**1,398,784**	**128,546**	**333,060**	**461,606**
1.4.1.	Derivative Financial Assets at Fair Value Through Profit or Loss	**(5.1.2.)**	805,929	592,855	1,398,784	128,546	333,060	461,606
1.4.2.	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	**(5.1.11.)**	-	-	-	-	-	-
II.	**FINANCIAL ASSETS MEASURED WITH AMORTISED COSTS (Net)**	**(5.1.5.)**	**57,911,732**	**71,143,704**	**129,055,436**	**51,153,513**	**32,863,417**	**84,016,930**
2.1.	**Loans**		**59,228,283**	**60,573,031**	**119,801,314**	**52,228,594**	**25,726,231**	**77,954,825**
2.2.	**Leasing Receivables**	**(5.1.10.)**	**3,238,260**	**8,687,675**	**11,925,935**	**2,360,266**	**2,650,730**	**5,010,996**
2.3.	**Other Financial Assets Measured At Amortized Cost**	**(5.1.6.)**	**361,215**	**5,574,334**	**5,935,549**	**268,323**	**6,231,487**	**6,499,810**
2.3.1.	Government Debt Securities		286,240	5,094,594	5,380,834	268,323	6,049,489	6,317,812
2.3.2.	Other Financial Assets		74,975	479,740	554,715	-	181,998	181,998
2.4.	**Expected Credit Loss (-)**		**4,916,026**	**3,691,336**	**8,607,362**	**3,703,670**	**1,745,031**	**5,448,701**
III.	**PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS(NET)**	**(5.1.16.)**	**240,891**	**-**	**240,891**	**519,087**	**-**	**519,087**
3.1.	Held For Sale		240,891	-	240,891	519,087	-	519,087
3.2.	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES**		**112,938**	**-**	**112,938**	**84,991**	**-**	**84,991**
4.1.	**Investments in Associates (Net)**	**(5.1.7.)**	**-**	**-**	**-**	**-**	**-**	**-**
4.1.1.	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2.	Unconsolidated Associates		-	-	-	-	-	-
4.2.	**Investment in Subsidiaries (Net)**	**(5.1.8.)**	**23,680**	**-**	**23,680**	**23,680**	**-**	**23,680**
4.2.1.	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2.	Unconsolidated Non-Financial Subsidiaries		23,680	-	23,680	23,680	-	23,680
4.3.	**Investment in Joint Ventures (Net)**	**(5.1.9.)**	**89,258**	**-**	**89,258**	**61,311**	**-**	**61,311**
4.3.1.	Joint Ventures Valued Based on Equity Method		89,258	-	89,258	61,311	-	61,311
4.3.2.	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	**TANGIBLE ASSETS (Net)**	**(5.1.12.)**	**1,017,685**	**66,857**	**1,084,542**	**909,226**	**14,856**	**924,082**
VI.	**INTANGIBLE ASSETS (Net)**	**(5.1.13.)**	**253,255**	**108,929**	**362,184**	**195,884**	**77,261**	**273,145**
6.1.	Goodwill		-	-	-	-	-	-
6.2.	Other		253,255	108,929	362,184	195,884	77,261	273,145
VII.	**INVESTMENT PROPERTIES (Net)**	**(5.1.14.)**	**63,598**	**-**	**63,598**	**77,457**	**-**	**77,457**
VIII.	**CURRENT TAX ASSETS**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**DEFERRED TAX ASSETS**	**(5.1.15.)**	**1,767,547**	**115,397**	**1,882,944**	**761,880**	**73,642**	**835,522**
X.	**OTHER ASSETS**	**(5.1.17.)**	**2,640,123**	**2,365,259**	**5,005,382**	**1,710,414**	**8,326,847**	**10,037,261**
	TOTAL ASSETS		**88,054,001**	**179,240,193**	**267,294,194**	**74,125,675**	**84,071,438**	**158,197,113**

The accompanying notes are an integral part of these financial statements

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2021

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

1. CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

					Audited Current Period 31.12.2021			Audited Prior Period 31.12.2020
	LIABILITIES	**Note**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**FUNDS COLLECTED**	**(5.2.1.)**	**57,263,935**	**164,693,947**	**221,957,882**	**33,478,939**	**93,215,622**	**126,694,561**
II.	**FUNDS BORROWED**	**(5.2.3.)**	**204,154**	**3,419,828**	**3,623,982**	**175,272**	**5,029,049**	**5,204,321**
III.	**MONEY MARKETS**		**6,495,137**	**-**	**6,495,137**	**185,225**	**-**	**185,225**
IV.	**SECURITIES ISSUED (Net)**		**3,632,174**	**-**	**3,632,174**	**1,821,975**	**3,337,298**	**5,159,273**
V.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		**-**	**-**	**-**	**-**	**-**	**-**
VI.	**DERIVATIVE FINANCIAL LIABILITIES**		**192,898**	**64,866**	**257,764**	**1,390,486**	**286,320**	**1,676,806**
6.1.	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.2.2.)	192,898	64,866	257,764	1,390,486	286,320	1,676,806
6.2.	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.2.7.)	-	-	-	-	-	-
VII.	**LEASE PAYABLES**	**(5.2.6.)**	**354,334**	**55,119**	**409,453**	**345,320**	**3,974**	**349,294**
VIII.	**PROVISIONS**	**(5.2.8.)**	**4,186,805**	**1,020,526**	**5,207,331**	**3,316,160**	**406,642**	**3,722,802**
8.1.	Restructuring Provision		-	-	-	-	-	-
8.2.	Reserves For Employee Benefits		595,764	2,651	598,415	436,440	1,014	437,454
8.3.	Insurance For Technical Provision (Net)		2,714,630	-	2,714,630	2,118,814	-	2,118,814
8.4.	Other Provisions		876,411	1,017,875	1,894,286	760,906	405,628	1,166,534
IX.	**CURRENT TAX LIABILITIES**	**(5.2.9.1.)**	**1,282,020**	**-**	**1,282,020**	**388,013**	**1,857**	**389,870**
X.	**DEFERRED TAX LIABILITIES**		**-**	**-**	**-**	**-**	**-**	**-**
XI.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**	**(5.2.10.)**	**-**	**-**	**-**	**-**	**-**	**-**
11.1.	Held For Sale		-	-	-	-	-	-
11.2.	Related to Discontinued Operations		-	-	-	-	-	-
XII.	**SUBORDINATED DEBT INSTRUMENTS**	**(5.2.11.)**	**-**	**8,100,496**	**8,100,496**	**-**	**4,590,265**	**4,590,265**
12.1.	Loans		-	-	-	-	-	-
12.2.	Other Debt Instruments		-	8,100,496	8,100,496	-	4,590,265	4,590,265
XIII.	**OTHER LIABILITIES**	**(5.2.5.)**	**2,232,154**	**2,606,960**	**4,839,114**	**1,624,489**	**569,393**	**2,193,882**
XIV.	**SHAREHOLDERS` EQUITY**	**(5.2.12.)**	**11,666,294**	**(177,453)**	**11,488,841**	**8,064,461**	**(33,647)**	**8,030,814**
14.1.	Paid-in Capital		4,595,131	-	4,595,131	4,595,131	-	4,595,131
14.2.	Capital Reserves		26,399	-	26,399	26,399	-	26,399
14.2.1.	Share Premiums		24,525	-	24,525	24,525	-	24,525
14.2.2.	Share Cancellation Profits		1,874	-	1,874	1,874	-	1,874
14.2.3.	Other Capital Reserves		-	-	-	-	-	-
14.3.	Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss		(52,112)	-	(52,112)	(51,258)	-	(51,258)
14.4.	Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		280,134	(74,654)	205,480	23,115	86,143	109,258
14.5.	Profit Reserves		3,411,612	-	3,411,612	1,996,805	-	1,996,805
14.5.1.	Legal Reserves		389,701	-	389,701	310,296	-	310,296
14.5.2.	Statutory Reserves		-	-	-	-	-	-
14.5.3.	Extraordinary Reserves		2,936,850	-	2,936,850	1,617,135	-	1,617,135
14.5.4.	Other Profit Reserves		85,061	-	85,061	69,374	-	69,374
14.6.	Profit or Loss		3,369,111	(102,799)	3,266,312	1,444,265	(119,790)	1,324,475
14.6.1.	Prior Years' Profits or Losses		30,610	(119,790)	(89,180)	(295,348)	(126,315)	(421,663)
14.6.2.	Current Period Net Profit or Loss		3,338,501	16,991	3,355,492	1,739,613	6,525	1,746,138
14.7.	Minority Shares	(5.2.13.)	36,019	-	36,019	30,004	-	30,004
	TOTAL LIABILITIES AND EQUITY		**87,509,905**	**179,784,289**	**267,294,194**	**50,790,340**	**107,406,773**	**158,197,113**

The accompanying notes are an integral part of these financial statements

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2021

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

2. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

			Audited Current Period 31.12.2021			Audited Prior Period 31.12.2020		
		Note	TL	FC	Total	TL	FC	Total
A.	**COMMITMENTS AND CONTINGENCIES (I+II+III)**		**70,094,888**	**83,169,750**	**153,264,638**	**86,647,683**	**77,863,364**	**164,511,047**
I.	**GUARANTEES AND WARRANTIES**	**(5.3.1.)**	**8,913,959**	**8,471,915**	**17,385,874**	**7,465,311**	**4,396,022**	**11,861,333**
1.1.	Letters of Guarantee		8,057,678	3,781,136	11,838,814	6,992,772	2,595,861	9,588,633
1.1.1.	Guarantees Subject to State Tender Law		267,372	19,827	287,199	210,252	41,900	252,152
1.1.2.	Guarantees Given For Foreign Trade Operations		445,301	49,329	494,630	408,225	60,079	468,304
1.1.3.	Other Letters of Guarantee		7,345,005	3,711,980	11,056,985	6,374,295	2,493,882	8,868,177
1.2.	Bank Loans		1,044	112,639	113,683	5,503	35,493	40,996
1.2.1.	Import Letter of Acceptances		1,044	112,639	113,683	5,503	35,493	40,996
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		13,942	4,507,178	4,521,120	14,424	1,670,598	1,685,022
1.3.1.	Documentary Letters of Credit		-	1,979,005	1,979,005	-	756,822	756,822
1.3.2.	Other Letters of Credit		13,942	2,528,173	2,542,115	14,424	913,776	928,200
1.4.	Guaranteed Refinancing		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Other Guarantees		841,295	70,962	912,257	452,612	94,070	546,682
1.7.	Other Warrantees		-	-	-	-	-	-
II.	**COMMITMENTS**	**(5.3.1.)**	**58,403,315**	**4,865,677**	**63,268,992**	**54,000,887**	**2,299,498**	**56,300,385**
2.1.	Irrevocable Commitments		9,395,375	4,865,677	14,261,052	6,228,293	2,299,498	8,527,791
2.1.1.	Forward Asset Purchase and Sales Commitments		1,340,772	4,807,250	6,148,022	776,088	2,299,498	3,075,586
2.1.2.	Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3.	Loan Granting Commitments		1,007,332	-	1,007,332	555,059	-	555,059
2.1.4.	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5.	Commitments For Reserve Deposits Requirements		-	-	-	-	-	-
2.1.6.	Payment Commitments For Checks		1,750,116	-	1,750,116	1,372,786	-	1,372,786
2.1.7.	Tax and Fund Liabilities From Export Commitments		-	-	-	-	-	-
2.1.8.	Commitments For Credit Card Expenditure Limits		5,278,441	58,427	5,336,868	3,503,366	-	3,503,366
2.1.9.	Commitments For Credit Cards and Banking Services Promotions		957	-	957	3,237	-	3,237
2.1.10.	Receivables From Short Sale Commitments		-	-	-	-	-	-
2.1.11.	Payables For Short Sale Commitments		-	-	-	-	-	-
2.1.12.	Other Irrevocable Commitments		17,757	-	17,757	17,757	-	17,757
2.2.	Revocable Commitments		49,007,940	-	49,007,940	47,772,594	-	47,772,594
2.2.1.	Revocable Loan Granting Commitments		49,007,940	-	49,007,940	47,772,594	-	47,772,594
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**2,777,614**	**69,832,158**	**72,609,772**	**25,181,485**	**71,167,844**	**96,349,329**
3.1	Derivative Financial Instruments Held For Risk Management		-	-	-	-	-	-
3.1.1	Fair Value Hedges		-	-	-	-	-	-
3.1.2	Cash Flow Hedges		-	-	-	-	-	-
3.1.3	Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2	Held For Trading Transactions		2,777,614	69,832,158	72,609,772	25,181,485	71,167,844	96,349,329
3.2.1	Forward Foreign Currency Buy/Sell Transactions		1,732,559	2,929,682	4,662,241	1,083,945	1,651,269	2,735,214
3.2.1.1	Forward Foreign Currency Buy Transactions		1,426,726	944,285	2,371,011	785,976	604,362	1,390,338
3.2.1.2	Forward Foreign Currency Sell Transactions		305,833	1,985,397	2,291,230	297,969	1,046,907	1,344,876
3.2.2	Other Forward Buy/Sell Transactions		1,045,055	66,902,476	67,947,531	24,097,540	69,516,575	93,614,115
3.3	Other		-	-	-	-	-	-
B.	**CUSTODY AND PLEDGES SECURITIES (IV+V+VI)**		**667,226,247**	**348,895,558**	**1,016,121,805**	**478,587,067**	**203,218,899**	**681,805,966**
IV.	**ITEMS HELD IN CUSTODY**		**20,834,179**	**34,556,759**	**55,390,938**	**13,171,821**	**20,387,564**	**33,559,385**
4.1.	Customers' Securities Held		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		5,719,656	4,866,680	10,586,336	3,145,487	7,054,819	10,200,306
4.3.	Checks Received for Collection		13,271,444	2,766,870	16,038,314	8,485,888	1,082,506	9,568,394
4.4.	Commercial Notes Received for Collection		1,843,079	545,230	2,388,309	1,540,446	312,851	1,853,297
4.5.	Other Assets Received for Collection		-	-	-	-	-	-
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		-	-	-	-	-	-
4.8.	Custodians		-	26,377,979	26,377,979	-	11,937,388	11,937,388
V.	**PLEDGED ITEMS**		**646,380,429**	**314,183,181**	**960,563,610**	**465,403,607**	**182,743,974**	**648,147,581**
5.1.	Marketable Securities		401,159	-	401,159	149,465	-	149,465
5.2.	Guarantee Notes		101,097	5,361,650	5,462,747	101,128	2,996,008	3,097,136
5.3.	Commodity		22,137,974	669,993	22,807,967	14,297,126	913,904	15,211,030
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		165,337,287	6,452,977	171,790,264	147,051,571	3,715,371	150,766,942
5.6.	Other Pledged Items		458,402,912	301,698,561	760,101,473	303,804,317	175,118,691	478,923,008
5.7.	Pledged Items-Depository		-	-	-	-	-	-
VI.	**ACCEPTED GUARANTEES AND WARRANTEES**		**11,639**	**155,618**	**167,257**	**11,639**	**87,361**	**99,000**
	TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		**737,321,135**	**432,065,308**	**1,169,386,443**	**565,234,750**	**281,082,263**	**846,317,013**

The accompanying notes are an integral part of these financial statements

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

3. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

			Audited Current Period 01.01.2021-31.12.2021	Audited Prior Period 01.01.2020-31.12.2020
	INCOME AND EXPENSE TABLE	**Note**		
I.	**PROFIT SHARE INCOME**	**(5.4.1.)**	**13,452,120**	**9,646,347**
1.1.	Profit Share on Loans		8,723,679	6,283,767
1.2.	Profit Share on Reserve Deposits		230,553	37,473
1.3.	Profit Share on Banks		222,398	229,931
1.4.	Profit Share on Money Market Placements		-	-
1.5.	Profit Share on Marketable Securities Portfolio		3,604,226	2,702,365
1.5.1.	Fair Value Through Profit or Loss		265,071	342,538
1.5.2.	Fair Value Through Other Comprehensive Income		3,083,751	2,121,615
1.5.3.	Measured at Amortised Cost		255,404	238,212
1.6.	Finance Lease Income		602,626	342,754
1.7.	Other Profit Share Income		68,638	50,057
II.	**PROFIT SHARE EXPENSE (-)**		**5,384,372**	**3,111,225**
2.1.	Expense on Profit Sharing Accounts	(5.4.4.)	3,376,303	1,934,858
2.2.	Profit Share Expense on Funds Borrowed	(5.4.2.)	533,675	396,952
2.3.	Profit Share Expense on Money Market Borrowings		535,629	354,479
2.4.	Expense on Securities Issued		884,948	365,387
2.5.	Profit Share Expense on Lease		53,817	59,549
2.6.	Other Profit Share Expense		-	-
III.	**NET PROFIT SHARE INCOME (I - II)**		**8,067,748**	**6,535,122**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSE**		**508,093**	**261,839**
4.1.	Fees And Commissions Received		1,256,790	862,342
4.1.1.	Non-Cash Loans		141,317	136,800
4.1.2.	Other	(5.4.13.)	1,115,473	725,542
4.2.	Fees And Commissions Paid (-)		748,697	600,503
4.2.1.	Non-Cash Loans		19	11,835
4.2.2.	Other	(5.4.13.)	748,678	588,668
V.	**DIVIDEND INCOME**	(5.4.3.)	**6,042**	**68**
VI.	**NET TRADING INCOME / LOSS**	(5.4.5.)	**3,056,725**	**847,844**
6.1.	Capital Market Transaction Gains/Losses		56,636	45,028
6.2.	Gains/Losses From Derivative Financial Instruments		1,306,798	(2,210,668)
6.3.	Foreign Exchange Gains/Losses		1,693,291	3,013,484
VII.	**OTHER OPERATING INCOME**	(5.4.6.)	**2,460,399**	**1,819,357**
VIII.	**GROSS OPERATING PROFIT (III+IV+V+VI+VII+ VIII)**		**14,099,007**	**9,464,230**
IX.	**EXPECTED LOSS PROVISIONS (-)**	(5.4.7.)	**4,573,043**	**3,240,522**
X.	**OTHER PROVISIONS (-)**	(5.4.7.)	**173,622**	**325,218**
XI.	**PERSONNEL EXPENSES (-)**	(5.4.8.)	**1,698,855**	**1,342,912**
XII.	**OTHER OPERATING EXPENSES (-)**	(5.4.8.)	**3,028,664**	**2,312,022**
XIII.	**NET OPERATING INCOME/(LOSS) (IX-X-XI)**		**4,624,823**	**2,243,556**
XIV.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**		**-**	**-**
XV.	**INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD**		**27,947**	**20,930**
XVI.	**INCOME / (LOSS) ON NET MONETARY POSITION**		**-**	**-**
XVII.	**PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XII+...+XV)**	(5.4.9.)	**4,652,770**	**2,264,486**
XVIII.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	(5.4.10)	**(1,279,103)**	**(551,618)**
18.1.	Current Tax Provision		2,139,603	826,371
18.2.	Deferred Tax Income Effect (+)		155,118	187,277
18.3.	Deferred Tax Expense Effect (-)		1,015,618	462,030
XIX.	**CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)**	**(5.4.11.)**	**3,373,667**	**1,712,868**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**
20.1.	Income on Non-Current Assets Held For Sale		-	-
20.2.	Income on Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
20.3.	Income on Other Discontinued Operations		-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**
21.1.	Expenses From Non-Current Assets Held For Sale		-	-
21.2.	Expenses From Sale of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
21.3.	Expenses From Other Discontinued Operations		-	-
XXII.	**PROFIT / (LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)**		**-**	**-**
XXIII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		**-**	**-**
23.1.	Current Tax Provision		-	-
23.2.	Deferred Tax Expense Effect (+)		-	-
23.3.	Deferred Tax Income Effect (-)		-	-
XXIV.	**CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)**		**-**	**-**
XXV.	**NET PROFIT/LOSS (XVII+XXII)**	**(5.4.12.)**	**3,373,667**	**1,712,868**
25.1.	Group's Income/Loss		3,355,492	1,746,138
25.2.	Minority Interest Income/Loss (-)		18,175	(33,270)
	Earnings Per Share Income/Loss		-	-

The accompanying notes are an integral part of these financial statements

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2021
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

4. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Audited Current Period 31.12.2021	Audited Prior Period 31.12.2020
I.	**CURRENT PROFIT (LOSS)**	**3,373,667**	**1,712,868**
II.	**OTHER COMPREHENSIVE INCOME**	**95,368**	**(160,781)**
2.1	**Other Comprehensive Income Not Reclassified Through Profit Or Loss**	**(854)**	**(32,176)**
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	(1,068)	(40,220)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit Or Loss	-	-
2.1.5	Taxes Related to Other Comprehensive Income Items Not Reclassified Through Profit or Loss	214	8,044
2.2	**Other Comprehensive Income Reclassified Through Profit Or Loss**	**96,222**	**(128,605)**
2.2.1	Foreign Currency Translation Difference	637,347	260,831
2.2.2	Valuation And/Or Reclassification Income/Expense of the Financial Assets At Fair Value Through Other Comprehensive Income	(34,489)	(249,886)
2.2.3	Cash Flow Hedge Income/Loss	-	11,514
2.2.4	Foreign Net Investment Hedge Income/Loss	(646,097)	(263,591)
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Taxes Related Other Comprehensive Income Items Reclassified Through Profit Or Loss	139,461	112,527
III.	**TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)**	**3,469,035**	**1,552,087**

The accompanying notes are an integral part of these financial statements

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

							Accumulated Other Income or Loss That Will Not Be Reclassified to Profit or Loss			Accumulated Other Income or Loss That Will Be Reclassified to Profit or Loss								
		Note	Paid-in Capital	Share Premiums	Share cancellation profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Net Prfit/Loss for the Period	Total Shareholders'Equity Less Minority Shares	Minority Shares	Total Shareholders' Equity
	Prior Period (01/01/2020 – 31/12/2020)																	
I.	**Prior Period Ending Balance**		**3,995,766**	**24,525**	**1,239**	**-**	**-**	**(19,082)**	**-**	**225,512**	**214,695**	**(185,436)**	**1,472,776**	**(89,157)**	**1,117,637**	**6,758,475**	**28,461**	**6,786,936**
II.	**Corrections and Accounting Policy Changes Made According to TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(16,092)**	**-**	**21,283**	**244,442**	**156,304**	**405,937**	**-**	**405,937**
2.1	Effect Of Corrections		-	-	-	-	-	-	-	-	(16,092)	-	-	16,092	-	-	-	-
2.2	Effect Of Changes In Accounting Policies		-	-	-	-	-	-	-	-	-	-	21,283	228,350	156,304	405,937	-	405,937
III.	**Adjusted Beginning Balance (I+II)**		**3,995,766**	**24,525**	**1,239**	**-**	**-**	**(19,082)**	**-**	**225,512**	**198,603**	**(185,436)**	**1,494,059**	**155,285**	**1,273,941**	**7,164,412**	**28,461**	**7,192,873**
IV.	**Total Comprehensive Income (Loss)**		-	-	-	-	-	(32,176)	-	260,831	(199,908)	(190,344)	-	816	1,746,138	1,585,357	1,539	1,586,896
V.	**Capital Increase by Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase by Internal Reserves**		600,000	-	-	-	-	-	-	-	-	-	(600,000)	-	-	-	-	-
VII.	**Paid in Capital Inflation Adjustment Difference**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds to Share**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Debt Instruments**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increase / Decrease by Other Changes**		(635)	-	635	-	-	-	-	-	-	-	(631)	(734,514)	(6,534)	(741,679)	4	(741,675)
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	1,103,377	156,750	(1,267,407)	(7,280)	-	(7,280)
11.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	(7,280)	(7,280)	-	(7,280)
11.2	Transfers To Legal Reserves		-	-	-	-	-	-	-	-	-	-	1,102,558	-	(1,102,558)	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	819	156,750	(157,569)	-	-	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance at end of the period (III+IV+.....+X+XI)	**(52.12.)**	**4,595,131**	**24,525**	**1,874**	**-**	**-**	**(51,258)**	**-**	**486,343**	**(1,305)**	**(375,780)**	**1,996,805**	**(421,663)**	**1,746,138**	**8,000,810**	**30,004**	**8,030,814**
	Current Period (01/01/2021 – 31/12/2021)																	
I.	**Prior Period Ending Balance**		**4,595,131**	**24,525**	**1,874**	**-**	**-**	**(51,258)**	**-**	**486,343**	**(1,305)**	**(375,780)**	**1,996,805**	**(421,663)**	**1,746,138**	**8,000,810**	**30,004**	**8,030,814**
II.	**Corrections and Accounting Policy Changes Made According to TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect Of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect Of Changes In Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Beginning Balance (I+II)**		**4,595,131**	**24,525**	**1,874**	**-**	**-**	**(51,258)**	**-**	**486,343**	**(1,305)**	**(375,780)**	**1,996,805**	**(421,663)**	**1,746,138**	**8,000,810**	**30,004**	**8,030,814**
IV.	**Total Comprehensive Income (Loss)**		-	-	-	-	-	(854)	-	637,347	(24,248)	(516,877)	-	-	3,355,492	3,450,860	6,020	3,456,880
V.	**Capital Increase by Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase by Internal Reserves**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Paid in Capital Inflation Adjustment Difference**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds to Share**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Debt Instruments**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increase / Decrease by Other Changes (**)**		-	-	-	-	-	-	-	-	-	-	1,152	-	-	1,152	(5)	1,147
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	1,413,655	332,483	(1,746,138)	-	-	-
11.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers To Legal Reserves		-	-	-	-	-	-	-	-	-	-	1,413,655	(1,413,655)	-	-	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	1,746,138	(1,746,138)	-	-	-
	Balances at end of the period (III+IV+.....+X+XI)	**(52.12.)**	**4,595,131**	**24,525**	**1,874**	**-**	**-**	**(52,112)**	**-**	**1,123,690**	**(25,553)**	**(892,657)**	**3,411,612**	**(89,180)**	**3,355,492**	**11,452,822**	**36,019**	**11,488,841**

(*) Neova Katılım Sigorta A.Ş., a subsidiary of the group manages the risk fund formed due to the contributions of the participants separately in accordance with Article 6 of the "regulation on participation insurance and working procedures and principles" published by the Ministry of Treasury and Finance. Accordingly, the profit/(expense) amount of the risk fund, which is due to participant contributions amounting to 12,153 TL for the current period, has been classified under other liabilities in balance sheet. (31 December 2020: TL 34,809).

1. Accumulated Revaluation Increase / Decrease of Fixed Assets
2.Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan
3.Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)
4.Foreign Currency Translition Differences
5.Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income
6.Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

The accompanying notes are an integral part of these financial statements

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2021

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

6. CONSOLIDATED STATEMENT OF CASH FLOWS

			Audited Current Period	Audited Prior Period
		Note	01.01.2021 -31.12.2021	01.01.2020-31.12.2020
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes in Assets And Liabilities From Banking Operations**		**4,774,531**	**4,484,711**
1.1.1	Profit Share Income Received		10,679,121	8,626,213
1.1.2	Profit Share Expense Paid		(5,325,219)	(2,935,050)
1.1.3	Dividends Received		6,042	68
1.1.4	Fees And Commissions Received		1,261,652	917,653
1.1.5	Other Income		3,127,762	2,406,840
1.1.6	Collections From Previously Written Off Loans		855,886	374,444
1.1.7	Payments to Personnel And Service Suppliers		(1,543,997)	(1,461,738)
1.1.8	Taxes Paid		(1,100,673)	(1,111,610)
1.1.9	Others		(3,186,043)	(2,332,109)
1.2	**Changes in Assets And Liabilities From Banking Operations**		**976,943**	**(7,696,569)**
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(154,156)	(2,943,023)
1.2.2	Net (Increase) Decrease in Due From Banks And Other Financial Institutions		(17,841,459)	(10,056,468)
1.2.3	Net (Increase) Decrease in Loans		(23,476,636)	(21,719,400)
1.2.4	Net (Increase) Decrease in Other Assets		5,119,157	(9,559,006)
1.2.5	Net Increase (Decrease) in Bank Deposits		876,177	645,501
1.2.6	Net Increase (Decrease) in Other Deposits		28,643,748	30,424,765
1.2.7	Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss		(149)	-
1.2.8	Net Increase (Decrease) in Funds Borrowed		(6,008,932)	3,037,543
1.2.9	Net Increase (Decrease) in Due Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities		13,819,193	2,473,519
I.	**Net Cash Provided From / (Used in) Banking Operations**		**5,751,474**	**(3,211,858)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net Cash Provided From / (Used in) Investing Activities**		**(6,801,211)**	**(8,613,022)**
2.1	Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries		-	-
2.2	Cash Obtained From Sale of Jointly Controlled Operations, Associates And Subsidiaries		-	-
2.3	Fixed Assets Purchases		(399,571)	(120,504)
2.4	Fixed Assets Sales		521,626	194,500
2.5	Cash Paid For Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(14,388,598)	(12,758,073)
2.6	Cash Obtained From Sale of Financial Assets at Fair Value Through Other Comprehensive Income		4,792,530	6,067,423
2.7	Cash Paid For Purchase of Investment Securities		(979,285)	(1,933,750)
2.8	Cash Obtained From Sale of Investment Securities		3,774,636	-
2.9	Other		(122,549)	(62,618)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided From / (Used in) Financing Activities**		**(1,055,887)**	**966,756**
3.1	Cash Obtained From Funds Borrowed And Securities Issued		19,085,000	6,267,842
3.2	Cash Used For Repayment of Funds Borrowed And Securities Issued		(20,602,188)	(5,600,576)
3.3	Capital Increase		513,954	388,646
3.4	Dividends Paid		-	(7,280)
3.5	Payments For Finance Leases(*)		(52,653)	(81,876)
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash And Cash Equivalents**	**(5.6.4)**	**27,297,784**	**5,637,262**
V.	**Net Increase (Decrease) in Cash And Cash Equivalents**		**25,192,160**	**(5,220,862)**
VI.	**Cash And Cash Equivalents at The Beginning of The Period**	**(5.6.1)**	**13,995,430**	**19,216,292**
VII.	**Cash And Cash Equivalents at The End of The Period**	**(5.6.1)**	**39,187,590**	**13,995,430**

(*) Within the scope of TFRS 16- Leases Standard, comprise the payments related to leases that included in the financial statements

The accompanying notes are an integral part of these financial statements

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED PROFIT DISTRIBUTION TABLE OF PARENT BANK FOR THE YEAR ENDED 31 DECEMBER 2021
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

7. PROFIT DISTRIBUTION TABLE OF PARENT BANK

		Current Period 01.01.2021-31.12.2021 (*)	Prior Period 01.01.2020 - 31.12.2020 (*)
I.	**Distribution of Current Period Profit**		
1.1.	Current Period Profit	3,547,366	1,852,683
1.2.	Taxes and Dues Payable (-)	1,045,639	452,402
1.2.1.	Corporate Tax (Income Tax)	2,000,422	781,806
1.2.2.	Income Tax Withholding	-	-
1.2.3.	Other Taxes and Dues Payable (**)	(954,783)	(329,404)
A.	**Net Profit for the Period (1.1-1.2)**	2,501,727	1,400,281
1.3.	Prior year's Losses (-)	-	-
1.4.	First Legal Reserves (-)	-	70,014
1.5.	Other Reserves (-)	-	-
B.	**Distributable Net Period Profit [(A-(1.3+1.4+1.5)]**	2,501,727	1,330,267
1.6.	First Dividend to Shareholders (-)	-	-
1.6.1.	To Owners of Ordinary Shares	-	-
1.6.2.	To Owners of Preferred Stocks	-	-
1.6.3.	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.6.4.	To Profit Sharing Bonds	-	-
1.6.5.	To Owners of the profit and loss Sharing Certificates	-	-
1.7.	Dividend to Personnel (-)	-	-
1.8.	Dividend to Board of Directors (-)	-	9,132
1.9.	Second Dividend to Shareholders (-)	-	-
1.9.1.	To Owners of Ordinary Shares	-	-
1.9.2.	To Owners of Preferred Stocks	-	-
1.9.3.	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.9.4.	To Profit Sharing Bonds	-	-
1.9.5.	To Owners of the profit/loss Sharing Certificates	-	-
1.10.	Second Legal Reserves (-)	-	-
1.11.	Statutory Reserves (-)	-	-
1.12.	Extraordinary Reserves	-	1,319,715
1.13.	Other Reserves	-	507
1.14.	Special Funds	-	-
II.	**Distribution from Reserves**		
2.1.	Distributed Reserves	-	-
2.2.	Second Legal Reserves (-)	-	-
2.3.	Dividends to Shareholders (-)	-	-
2.3.1.	The Owners of Ordinary Shares	-	-
2.3.2.	The Owners of Preferred Stocks	-	-
2.3.3.	The Owners of Preferred Stocks (Preemptive Rights)	-	-
2.3.4.	The Profit Sharing Bonds	-	-
2.3.5.	The Owners of the profit/loss Sharing Certificates	-	-
2.4.	Share to Personnel (-)	-	-
2.5.	Share to Board of Directors (-)	-	-
III.	**Earnings per Share**		
3.1.	To Owners of Stocks	-	-
3.2.	To Owners of Stocks (%)	-	-
3.3.	To Owners of Preferred Stocks	-	-
3.4.	To Owners of Preferred Stocks (%)	-	-
IV.	**Dividend per Share**		
4.1.	To Owners of Stocks	-	-
4.2.	To Owners of Stocks (%)	-	-
4.3.	To Owners of Preferred Stocks	-	-
4.4.	To Owners of Preferred Stocks (%)	-	-

(*) The profit distribution of the Bank is decided at the General Assembly meeting which is not yet held as of the date of the preparation of these financial statements.
(**) Deferred tax benefit is presented under other tax and legal liabilities. Deferred tax benefit can not be included in the distributable profit, thus it is classified under extraordinary reserves.

The accompanying notes are an integral part of these financial statements

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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES IN THE RELATED PERIOD

1. Explanations on Basis of Presentation

1.1. The preparation of the consolidated financial statements and related notes and explanations in accordance with the turkish accounting standards and regulation on accounting applications for banks and safeguarding of documents

The Parent Bank prepares its financial statements in accordance with the "Regulation on The Procedures And Principles For Accounting Practices And Retention of Documents By Banks" published in the Official Gazette dated 1 November 2006 with numbered 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Agency ("BRSA") as well as the circulars and pronouncements published by the BRSA. For matters not regulated by the aforementioned legislations, the Bank prepares its financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, which comprises the terms of the Turkish Financial Reporting Standards issued by the Public Oversight Accounting and Auditing Standards Authority.

Additional paragraph for convenience translation

The differences between the standards set out by BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

1.2. Accounting policies and valuation principles applied in the preparation of consolidated financial statements:

The financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss, and the financial assets and liabilities at fair value through other comprehensive income that are measured at fair values.

The preparation of consolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the Group management to make assumptions and estimates with respect to the assets and liabilities on the balance sheet and contingent issues outstanding as of the balance sheet date. These assumptions and estimates mainly consist of calculations of the fair values of financial instruments and the impairment on assets. The assumptions an estimates are reviewed regularly and, when necessary, appropriate corrections are made and the effects of such corrections are reflected on the income statement.

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

Since it is aimed to update the most recent financial information in the year-end financial statements prepared as of December 31, 2021, considering the magnitude of the economic changes due to COVID-19, the Bank made certain estimates in the calculation of expected credit losses and disclosed them in third section footnote numbered 1.5 "Explanations on Expected Credit Loss". In the upcoming periods, the Bank will update its revelant assumptions are necessary and revise the realizations of past estimates.

1.3. Changes in accounting estimates, errors and classifications

If changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to future periods, they are applied both prospectively and in the future periods. Significant accounting errors are applied retrospectively and prior period financial statements are restated. There were no significant changes in the accounting estimates of the Group in the current year.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, consolidated financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

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1.4. Preparation of the financial statements as regards to the current purchasing power of money

Until 31 December 2004, the financial statements of the Group were subject to inflation adjustments in accordance with Turkish Accounting Standard No: 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29"). As per the BRSA decision numbered 1623 and dated 21 April 2005 and the BRSA circular dated 28 April 2005 it was stated that the indicators for the application of inflation accounting were no longer applicable. Consequently, as of 1 January 2005, the inflation accounting has not been applied.

1.5. TFRS 3 explanations on business combinations standard

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Bussiness combinations are accounted in accordance with TFRS 3 "Business Combinations" except for the assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

The interests of non-controlling shareholders in the acquire is initially measured at the non-controlling's proportion of the fair value of the assets, liabilities and contingent liabilities recognized.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

- Explanations regarding the accounting policy applied for the acquisition of Neova Katılım Sigorta A.Ş.

Following the necessary legal permissions on May 5, 2020, the Bank finalized the purchase of Neova Katılım Sigorta A.Ş. by completing the share transfer process. The Bank purchased 78,864,212 shares by paying TL 745,860 and increased the partnership share in Neova Katılım Sigorta A.Ş. from 7% to 100% by owning all the shares.

This acquisition has been evaluated as a merger of entities under common control and has been accounted for using the aggregation method (Pooling of interest). According to this method, the assets and liabilities of Neova Katılım Sigorta A.Ş. are included in the financial statements over the book values determined in accordance with TFRS at the merger date, and no goodwill has arisen in the financial statements as a result of the merger.

1.6 Disclosures regarding TFRS 9 financial instruments

TFRS 9 "Financial Instruments", which is effective as at 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29953 dated 19 January 2017. As of 1 January 2018, the application of TFRS 9 replaced "TAS 39: Financial Instruments: Recognition and Measurement." standard.

TFRS 9 also includes new principles for general hedge accounting which aims to harmonize hedge accounting with risk management applications. In the admission of the accounting policies, TFRS 9 presents the option of postponing the adoption of TFRS 9 hedge accounting and continuing to apply the hedge accounting provisions of TAS 39.

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All recognized financial assets that are within the scope of TFRS 9 are required to be initially measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and profit share on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment in other comprehensive income, with only dividend income generally recognized in profit or loss.

Dividends obtained from such investments are accounted in the financial statements as profit or loss unless they are evidently a part of the recoverable cost of investment. As a result of the combination of contractual cash flow characteristics and business models, the differences in the classification of financial assets are reflected in the financial statements compared to the current classification in TAS 39. During the first recognition of a financial asset into the financial statements, business model determined by the Parent Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

Classification and measurement of financial instruments

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent "solely payments of principal and profit share" (SPPI).

Upon initial recognition each financial asset shall be classified as either fair value through profit or loss ("FVTPL") amortized cost or fair value through other comprehensive income ("FVOCI"). As for the classification and measurement of financial liabilities, the application of the existing terms of TAS 39 remain largely unchanged under TFRS 9.

Explanations on expected credit loss

As of 1 January 2018, the Parent Bank will recognize provisions for impairment in accordance with the TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

Modeling studies were carried out on the principal components of the Expected Loan Loss calculation and the default probability (CTR) models were developed on various loan portfolios. Credit portfolios are determined according to customer segments that form the basis of banking activities. The cyclical default probabilities generated by these models developed for use in the Internal Rating Based Approach (IDD) are translated into the Instantaneous Default Probabilities and these instantaneous default probabilities are used when calculating the Expected Loan Loss on TFRS 9. Loss in Default (LID) calculation is made using models established on the basis of sub-segments based on the Bank's internal collection data. Default Amount (TT) corresponds to the balance used in cash at the reporting date for cash loans, non-cash loans and balance after application of the loan to commitment risks.

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Macroeconomic scenarios affect PD values. The expected credit loss amount is calculated by weighting 3 different scenarios as Base, Good and Bad scenarios. The probability of default of the debtors and the loss rates in default vary with each scenario.

As of December 31, 2021, The Group reflected the data obtained with the best estimation method to the estimates and judgements used in the calculation of expected credit losses, with the best estimation method, for the possible effects of the COVID-19 outbreak. In the light of the aforementioned data, the Group revised its macroeconomic expectations in the calculation of expected credit loss, and the calculation made taking into account the change in PD with the update in the EDF model was reflected in the financial statements. Due to their nature, model updates are reflected in financial statements with a delay due to the macroeconomics effects of events that cause changes and occur at different times. For this reason, the bank establishes additional provisions for the sector or customers that are considered to have a high impact, by making sector-based valuatios when deemed necessary to eliminate the timing difference. The Group maintains this approach as of December 2021. When deemed necessary, the Bank will review these assumptions according to the course of the pandemic in the future.

Within the scope of Article 4 and 5 of the Regulation On Procedures And Principles For Classification Of Loans And Provisions in accordance with the BRSA Decisions numbered 8948 dated 17 March 2020 and numbered 8970 dated 27 March 2020, due to the disruptions in economic and commercial activities resulting from the Covid-19 outbreak, the 90 days default periods for loans to be classified as non-performing loans shall be applied as 180 days; the 30 days periods for loans to be classified as stage 2 shall be applied as 90 days according to assembly's resolution dated on 17 March 2020. As of September 30, 2021, it has been decided to end the implementation.

With the announcement made on September 16, 2021, it was decided to end the flexibility as of the end of September 30, 2021; however, as of 1 October 2021, the same application as previously stated will be continued by the banks for the 1st stage loans with a delay period of more than 31 days and not exceeding 90 days. As of 1 October 2021, in addition to the 1st stage loans, it has been decided to continue with the same practice for the 2nd stage loans with a delay period exceeding 91 days and not exceeding 180 days.

The forecast of expected credit losses is unbiased, probabilistic-weighted and includes supportable information about past events, current conditions and predictions of future economic conditions.

The Group applies a 'three-stage' impairment model depending on the gradual increase in credit risk observed since initial recognition

Stage 1: Includes financial assets not having significant increase in their credit risk from initial recognition till the following reporting date or financial assets having low credit risk at the reporting date. It is recognized 12-month expected credit losses for such financial assets.

Stage 2: Includes financial assets having significant increase in their credit risk subsequent to the initial recognition, but not having objective evidence about impairment. It is recognized life time expected credit losses for such financial assets.

In this context; The basic considerations that are taken into account in determining the significant increase in the credit risk of a financial asset and its transfer to Phase 2 are, but are not limited to, the following.

• Delayed by more than 30 days as of the reporting date
• Restructuring
• Close Monitoring
• Evaluation of distortion in Rating Note

The definition of the deterioration in the rating is the comparison of the credit rating at the opening date and the rating date at the reporting date by using the Parent Bank's internal rating-based credit rating models. If the rating calculated for the loan at the reporting date exceeds the specified threshold values, the rating is deemed as deterioration.

Stage 3: Includes financial assets having objective evidence about impairment at the reporting date. It is recognized life-time expected credit losses for such financial assets.

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The Parent Bank periodically evaluates the provisions of loans and other receivables in accordance with TFRS 9 retrospectively on the basis of their results and, if deemed necessary, revises the basketing rules and the parameters used in the calculation of the related provision balances.

However, based on the BRSA's decisions dated March 17, 2020 and numbered 8948 with dated March 27, 2020 and numbered 8970; due to the impediments in the economic and commercial activities which have been occurred as a result of the COVID-19 pandemic, according to the articles 4 and 5 of the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions the foreseen 90-day delay period for the non-performing loans classification was made possible to apply as 180 days; until September 30, 2021, the application of the foreseen 30-day period for the classification for Stage 2 as 90 days has been enabled.

With the announcement made on September 16, 2021, it was decided to end the flexibility as of the end of September 30, 2021; however, as of 01.10.2021, the same application as previously stated will be continued by the banks for the 1st stage loans with a delay period of more than 31 days and not exceeding 90 days. As of 01.10.2021, in addition to the 1st stage loans, it has been decided to continue with the same practice for the 2nd stage loans with a delay period exceeding 91 days and not exceeding 180 days.

1.7 Revenue from TFRS 15 disclosures regarding the standard of revenue from customer contracts

TFRS 15 Revenue from Customer Contracts provides a single, comprehensive model and guidance on the recognition of revenue and is recorded in accordance with TFRS 15.

1.8 Explanations on TFRS 16 leases standard

The leasing transactions are presented by the lessess as assets (right-of-use assets) and liabilities from leasing transactions. TFRS 16 Standard eliminates the dual accounting model of leasing transactions on balance sheet and operational leasing transactions as direct expense except balance sheet.

Within the scope of TFRS 16, the Group reflects the existence of a lease obligation and a right of use to the financial statements at the date of initial application. The Group measures the leasing liability on the present value of the remaining lease payments, discounted at their present value using the alternative borrowing cost ratio at the date of initial application of the Parent Bank. In addition, the Bank measures the existence of the right to use of such right at an amount equal to the lease obligation, which is reflected in the statement of financial position immediately after the first application date, adjusted for the amount of all prepaid or accrued lease payments.

As of December 31, 2021, the right-of-use assets classified tangible assets gross amounting to TL 596,973 in the balance sheet of the Group and lease obligations gross amounting to TL 567,488 In the twelve-month period that ended as of the same date, financial expenses amounting to TL 53,632 and depreciation expenses amounting to TL 128,569 were incurred.

As of 31 December 2021, the Bank has usage assets amounting to TL 551,438 classified under tangible fixed assets and TL 522,188 lease obligations in the balance sheet. In year end that ended as of the same date, a financial expense of TL 52,653 and depreciation expense of TL 113,822 occurred.

On 5 June 2020, Public Oversight Accounting and Auditing Standards Authority (“POA”) has changed to TFRS 16 “Leases” standard by publishing Privileges Granted in Lease Payments -"Amendments to TFRS 16 Leases" concerning Covid-19. With this change, tenants are exempted from whether there has been a change in the rental priviliges in lease payments due to Covid-19. This change did not have a significant impact on the financial status or performance of the Group.

2. Explanations on strategy of using financial instruments and foreign currency transactions

The Group follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Parent Bank’s exposure to liquidity risk, currency risk and credit risk while increasing profitability and strengthening the Parent Bank’s equity. The assets-liabilities committee (ALC) manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee.

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Gains and losses arising from foreign currency transactions have been recorded in the period in which the transaction took place. Foreign currency denominated monetary assets and liabilities are valued with the period end exchange rates published by the Central Bank of Turkey converting them into Turkish Lira and valuation differences of foreign currencies have been recognized in the income statement under the net foreign exchange income/expense account.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial instruments into Turkish Lira are included in the income statement. There are no foreign currency differences capitalized by the Group.

3. Investments in Associates and Subsidiaries

Consolidated and Financial Statements " Turkey Accounting Standard for Consolidated Financial Statements" (TFRS 10) has been prepared in accordance with the provisions.

Titles, locations of the headquarters, main operations and Group's shares relating the consolidated entities are as follows:

Title	Address (City/Country)	Operation	31-Dec-21	31-Dec-20	Consolidation method
KT Bank AG	Frankfurt/Germany	Banking	%100.00	%100.00	Full consolidation
Nevoa Katılım Sigorta A.Ş.	İstanbul/Turkey	Financial Instution	%100.00	%7.00	Full consolidation
KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/ Turkey	Financial Instution	%100.00	%100.00	Full consolidation
KT Sukuk Varlık Kiralama A.Ş.	İstanbul/ Turkey	Financial Instution	%100.00	%100.00	Full consolidation
KT Portföy Yönetimi A.Ş.	İstanbul/ Turkey	Financial Instution	%100.00	%100.00	Full consolidation
Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/ Turkey	Financial Instution	%75.00	%75.00	Full consolidation
Katılım Emeklilik ve Hayat A.Ş.	İstanbul/ Turkey	Financial Instution	%50.00	%50.00	Accounted with equity pick-up
Kt Portföy Kuveyt Türk Yabancı Katılım Serbest Özel Fon	İstanbul/Turkey	Investment Fund	%100.00	-	Full consolidation

Parent Bank and the subsidiaries, the financial tables of which are consolidated along with the Parent Bank, are collectively referred as "the Group."

Consolidation basis of subsidiaries

Subsidiaries are entities whose capital and management are directly or indirectly controlled by the Parent Bank. Subsidiaries are consolidated by the full consolidation method, within the framework of significance on the basis of operational outcomes, assets sizes and equity sizes. The financial statements of the relevant subsidiaries are included in the consolidated financial statements as of the date that control is transferred to Parent Bank.

Control denotes any of the following circumstances: the Parent Bank directly or indirectly through subsidiaries has over 50% of the voting rights or, dominance over the voting rights as described afore does not exist but the Parent Bank owns the preferred shares, or; the Parent Bank has voting rights appropriating more than %50 percent of all voting rights due to the agreements signed with other shareholders, or; the Parent Bank has the authority to manage the operational and financial policies of the entity due to certain arrangements or agreements, or; the Parent Bank has the power to influence the majority of the votes within the Board of Directors or any other executive organ vested with similar rights, or; the Parent Bank by any means has the power to appoint or dismiss the majority of the Board of Directors.

In accordance with the full consolidation, all of the assets, liabilities, income, expense and off-balance sheet liabilities of the subsidiaries are consolidated with the assets, liabilities, income, expense and off-balance sheet liabilities of the Parent Bank. The carrying value of the Group's investment in each subsidiary is offset with the cost value of the subsidiary's capital owned by the Group. Balances regarding the transactions between the subsidiaries in the scope of the consolidation and the unrealized gains/losses are reciprocally offset. Minority shares within the net income of the consolidated subsidiaries are determined provided that the net income of the Group shall be calculated, and these minority shares are presented as a seperate item in the income statement. Minority shares are presented under the equity in the consolidated balance sheet.

In the case where the accounting policies implemented by the subsidiary are different than the Parent Bank, the accounting policies are reconciled.

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4. Explanations on forward transactions and option contracts and derivative instruments

The Group enters into forward agreements to decrease its currency risk and to manage its foreign currency liquidity. Derivative instruments are classified as 'hedging derivative financial asset' and 'derivative financial assets/liabilities at fair value profit or loss'. The Group classifies its derivative instruments as "Derivative Financial Instruments Held for Hedging Purposes" and "Derivative Financial Instruments Held for Trading" in accordance with TAS 39. Even though some derivative transactions economically hedge risk, since all necessary conditions for hedge accounting are not met, they are accounted for as "held for trading" within the framework of TAS 39, and are reflected in the "Derivative Financial Assets/liabilities at fair value profit or loss" account in the balance sheet. The Group has no derivative financial assets/liabilities for hedging purposes as of balance sheet date.

Fair values of foreign currency forward transactions and swaps are calculated by using the discounted cash flow model. Differences resulting from the changes in the fair values of derivatives held for trading are accounted under 'Trading Income/Loss' line in the income statement.

Embedded derivatives are separated from the host contract if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. Embedded derivatives are accounted as derivative instruments in-line with TAS 39. If the embedded derivatives are closely related with the host contract, embedded derivatives are accounted for in-line with the relevant standard applicable for the host contract.

The Group's cash flow hedging process has ended as of December 2021.

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

5. Explanations on profit share income and expense

Profit share income is recognized in the income statement on an accrual basis by using the method of internal rate of return and is accounted under profit share income account in the financial statements. While applying the internal rate of return method, the Group amortizes the fees included in the account of the effective profit rate over the expected life of the financial instrument. If the financial asset is impaired and classified as a non-performing loan, profit accruals and rediscount calculations for these customers within the scope of TFRS 9 Financial Instruments Standard.

The Group calculates expense accrual in accordance with the unit value calculation method on profit/loss sharing accounts and reflects these amounts in "Funds Collected" account on the balance sheet.

6. Explanations on fees and commission income and expenses

Other than fees and commission income and expenses received from certain banking transactions that are recorded as income or expense in the period they are collected, fees and commission income and expenses are recognized in the income statement depending on the duration of the transaction. Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers.

Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period

In accordance with the provisions of TAS, commission and fees collected in advance for loans granted are deferred and reflected to the income statement by using the internal rate of return method. Unearned portion of the commission and fees relating to the future periods are recorded to the "Unearned Revenues" account under "Other Liabilities" on the balance sheet.

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7. Explanations on financial assets

The Group classifies and accounts for its financial assets as 'Fair Value Through Profit/Loss', 'Fair Value Through Other Comprehensive Income,' or 'Amortized Cost.' Such financial assets, are recognized and derecognized as per the terms of "Recognition and Derecognition in Financial Statements" under the section three of the "TFRS 9 Financial Instruments" regarding the classification and measurements of financial instruments, published in the Official Gazette numbered 29953 and dated 19 January 2017 by Public Oversight, Accounting and Auditing Standards Authority ("POA"). When financial assets are included in the financial statements for the first time, they are measured at fair value. Transaction costs are initially added to fair value or deducted from fair value at the initial measurement of financial assets other than the "Fair Value at Fair Value Through Profit or Loss".

The Group recognizes a financial asset in the financial statements only when it becomes a party to the contractual terms of a financial instrument. During the initial recognition of a financial asset, the business model determined by parent Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Parent Bank management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments is made to gains, losses or profit shares that were previously recorded in the financial statements.

7.1 Financial assets at fair value through profit/loss

Financial assets at fair value through profit/loss are financial assets that are managed within a business model other than the business model whose objective is achieved by holding contractual cashflows for collection and the business model whose objective is achieved by collecting and selling contractual cash flows. Also, in case that the contractual terms of financial assets do not give rise on specified dates to cash flows that are solely payments of principal and profit share on the principal amount, such assets are those that are, obtained with the aim of providing profit from the short-term price or other factor fluctuations in the market or are part of a portfolio aiming to obtain short-term profit, regardless of the reason of acquisition.

7.2 Financial assets at fair value through other comprehensive income

A financial asset is classified as at fair value through other comprehensive income when the asset is managed within a business model whose objective is achieved by collecting contractual cash flows and selling the financial asset, as well as when the contractual terms of the financial asset give rise on specified dates to cash flows are solely payments of principal and profit share on the principal amount.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition costs that reflect the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with effective profit share method regarding the financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses," which is the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income, are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, or the impairment of the asset. "Unrealized gains and losses" are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, are carried at fair value, in the case that the securities have a quoted market price in an active market and/or the fair values of the securities can be reliably measured. In contrary case, the securities are carried at cost, less provision for impairment.

During initial recognition an entity can make an irrevocable election regarding the presentation of the subsequent changes in the fair value of the investment in an equity instrument, that is not held for trading purposes, in the other comprehensive income. In the case that the entity elects to present the changes as described, dividends arising from the investment is accounted in the financial statements as profit or loss.

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7.3 Financial assets measured at amortized cost

In the case that a financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and that the contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and profit share on the principal amount, the financial asset is classified as financial asset measured at amortized cost.

Financial Assets Measured at Amortized Cost; are financial assets, other than loans and receivables, which are held for the purpose of custody until maturity, with conditions necessary for such assets to be held until contractual maturity met, including funding ability; and which have fixed or determinable payments and fixed maturities. Financial assets measured at amortized cost are initially recognized at cost and subsequently measured at amortized cost using the internal rate of return method. Profit share income related to Financial Assets measured at amortized cost is reflected in the income statement.

7.4 Derivative financial assets

The major derivative instruments utilized by the Group are foreign currency swaps, cross currency swaps and currency forwards.

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, the fair value amounts are classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss." The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by considering the market value of the derivatives or by using the discounted cash flow model.

7.5 Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Profit Share Rate (internal rate of return) Method".

8. Explanations on offsetting of financial assets and liabilities

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

9. Explanations on sale and repurchase agreements and lending of securities

Central Bank of the Republic of Turkey (“CBRT”) made some changes on orders for open market transactions (“OMT”) and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement; a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity In this context, OMT were carried out with the CBRT for the first time on 14 June 2013, by subjecting the Treasury Lease Certificates, which were include in assets, to the repurchase transactions. From this date, the Bank performs sale transactions of treasury lease certificates that are recognized in the assets of the balance sheet in return for conditional repurchasing by tendering to purchase auctions held by CBRT with various maturities; and thusly raises funds.

As of 31 December 2021, the Group has repurchased agreement amounting to TL 6,495,137 (31 December 2020: 185,225).

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10. Explanations on assets held for sale and discontinued operations and related liabilities

As mandated by the Banking Act 5411 Article 57 "banks cannot participate in commercial real-estate and commodity trade with the exception of real-estate and commodity based agreements within the scope of Capital Markets Act No. 2499, and precious metal trade as seen appropriate by the board, and cannot participate in partnerships with firms whose main business activity is commercial real-estate, with the exception of real-estate investment partnerships and companies that finance mortgaged residential estates. The rules and procedures regarding the sales of real-estate and commodities that were acquired due to receivables and debtors' obligations to the bank are determined by the board."

Assets that meet the criteria for classification as assets held for sale are measured at the lower of the carrying amount of assets and fair value less any costs to be incurred for disposal. Assets held for sale are not amortized and presented in the financial statements separately. In order to classify an asset as held for sale, the sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan by the management regarding the sale of the asset (or the disposal group) together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset (or the disposal group) should be actively in the market at a price consistent with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan. Various events and conditions may extend the completion period of the disposal over one year. If such delay arises from any events and conditions beyond the control of the entity and there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or disposal group) can remain to be classified as assets (or disposal group) held for sale. Extension of the period necessary to complete the sale, does not avoid the classification of the related asset (or disposal group) to be classified as asset held for sale.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale. Discontinued operations are presented separately in the income statement. The Group has no discontinued operations.

11. Explanations on goodwill and other intangible assets

Intangible assets are stated at cost adjusted for inflation until 31 December 2004, less provision for impairment, if any, and accumulated amortization and amortized with straight-line method.

The other intangible assets of the Group comprise mainly computer software. The useful lives of such assets acquired prior to 2004 have been determined as 5 years and for the year 2004 and forthcoming years, as 3 years. The depreciation period for licenses is determined based on the period in the license agreements.

There is no goodwill related to associates and subsidiaries.

12. Explanations on tangible assets

Fixed assets are stated at cost adjusted for inflation until 31 December 2004, less accumulated depreciation and provision for impairment, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual rates used for amortization are as follows:

Property	2%
Movables, leased assets	6.67% - 20%

Depreciation is calculated on a pro-rata basis for the assets that have been placed in use for less than one year as of the balance sheet date. Leasehold improvements are depreciated over the term of the lease agreements by straight-line method.

If the recoverable amount (the higher of value in use and fair value) of a tangible asset is less than its carrying value, impairment loss is provided and the carrying value is written down to its recoverable amount.

Gains or losses resulting from disposals of the fixed assets are recorded in the income statement as the difference between the net proceeds and net book value of the asset.

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Expenses for repair costs are capitalized if the expenditure increases economic life of the asset; other repair costs are expensed as incurred.

The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product, or to decrease the costs.

Property held for long-term rental yields and/or capital appreciation is classified as investment property. Investment properties are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the properties.

13. Explanations on leasing transactions

For contracts concluded prior to 1 January 2019, the Group assesses whether the contract has a lease qualification or include a lease transaction.

(a) The right to obtain almost all of the economic benefits from the use of the leased asset and,
(b) Whether the leased asset which has the right to manage its use is evaluated

The Group has started implementing the TFRS 16 - Leases standard from 1 January 2019, the first date of the TFRS 16 standard. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments are discounted by using the Group's alternative borrowing profit rate. The Group has recognized the right to lease assets equal to the lease obligation by restating the previously paid or accrued lease payments.

The right of the use asset

The Group reflects the existence of a right of use and a lease obligation to the financial statements at the date the lease is commenced.

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

(a) The first measurement amount of the lease obligation,
(b) The amount obtained by deducting all rental incentives received from all lease payments made at or before the date of the rental.

When the Group applying cost method, the existence of the right of use:
(a) Accumulated depreciation and accumulated impairment losses are deducted and
(b) Measures the restatement of the lease obligation over the adjusted cost.
The Group applies the depreciation liabilities in TAS 16 Tangible Fixed Assets while depreciating the right of use asset.

The Group determines whether the right of use has been impaired and recognizes any identified impairment losses in accordance with TAS 36 – Impairment of Assets.

Lease obligation

At the effective date of the lease, the Group measures the leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Group's alternative borrowing interest rate.

The profit on the lease liability for each period of the lease term is the amount found by applying a fixed periodic profit rate to the remaining balance of the lease liability. Periodic profit rate is the Group's borrowing profit rate.

After the beginning of a contract, the Group remeasures its lease liability to reflect changes in lease payments. The Group reflects the restatement amount of the lease obligation to the financial statements as revised in the presence of the right of use.

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14. Explanations on insurance technical provisions

TFRS 4 requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. Insurance risk is defined as risk, other than financial risk, transferred from the holder of a contract to the issuer. Contracts issued by insurance companies without significant insurance risk are considere investment contracts. Invesment contracts are accounted for in accordance with TAS 39 "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement".

Within the framework of the current insurance regulation, insurance technical provisions accounted by insurance companies for unearned Premium claims, unexpired risk reserver, outstanding claims and life-mathematical reserves are presented in the consolidated financial statements.

Unearned premium reserve is recognized on accrued premiums without discount or commision which extends to the next period or periods on a daily basis for the current insurance contracts.

If the outstanding claim reserve is established and confirmed by approximation and if there are unpaid or unidentifed compensation amounts in both prior and current Accounting periods; it is separated for estimated yet unreported compensation amounts.

On the other hand, actuarial chan ladder method is used to estimate the reserve amount to be set aside in the current period by looking at the data of the past materialized losses. If the reserve amount found as a result of this method exceeds the amount of reserve fort he amount of uncertain indemnity, additional reserve must be set aside fort he difference.

Reinsurance companies recognize fort he outstanding claims that is declared by the companies, accrued and determined on account.

Insurance companies of the Group cede premium and risks in the normal course of business in order to limit the potential for losses arising from risks accepted Insurance premiums ceded to reinsurers on contract that are deemed to transfer significant insurance risk are recognized as an expense in a manner that is consistent with the recognition of insurance premium revenue arising from the underlying risks being protected.

Cost which vary and are directyl associated with the acquisition of insurance and reinsurance contracts including brokerage, commissions, underwriting expenses and other acquisition costs are deferred and amortized over the period of contract, consistent with the earning of premium.

15. Insurance technical income and expense

In insurance companies, premium income is obtained after diminishing the shares transferred from arranged policy income to reassurer.

Claims are recorded in expense on accrual basis. Outstanding loss provisions are recognized for the claims reported but not paid yet and for the claims that incurred but not reported. Reassurer' shares of outstanding and paid claims are offset in the provisions.

16. Explanations on provisions and contingent liabilities

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

Provisions are recognized when the Bank has a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

As per the "Matching Principle," a provision is provided for the liabilities arising as a result of past events in the period they arise, if it is probable that the liability will be settled and a reliable estimate for the liability amount can be made.

When a reliable estimate of the amount of the obligation cannot be made or it is not probable that an outflow of resources will be required to settle the obligation, the obligation is considered as a "Contingent" liability and is disclosed in the related notes to the financial statements.

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17. Explanations on liabilities relating to employee benefits

17.1 Defined benefit plans

In accordance with existing social legislation, the group is required to make severance pay to each employee who has completed over one year of service with the group and who retires or quits the employment to receive old age or disability benefits, to fulfill the compulsory military service, because of the marriage (for females) or because of the other compulsive reasons as defined in the laws and whose employment is terminated due to reasons other than resignation or misconduct.

Liabilities amount which is related to "Turkish Accounting Standard on Employee Benefits" ("TAS 19") is reflected accompanying financial statements and these liabilities are calculated by an independent actuary firm.

Group is accounted all actuarial profit and loss under Statement of other Comprehensive Income.

The Group's employees are not members of any pension fund, foundations, union or other similar entities.

17.2 Defined contribution plans

The group pays defined contribution plans to publicly administered Social Security Funds for its employees as mandated by the Social Security Association. The Bank has no further payment obligations other than this contribution share. The contributions are recognized as employee benefit expense when they are due.

17.3 Short term benefits to employees

In accordance with "TAS 19", vacation pay liabilities are defined as "Short Term Benefits to Employees" and accrued as earned.

Group management calculates bonus accrual if it foresees that the budgeted year-end figures approved by the Board of Directors are attainable.

18. Explanations on Taxation

Current Tax

As per the terms of the provisional article 11 added to the Law No. 5520 by the Article 13 of the Law No. 7316, it was established that the rate of 20%, as disclosed in the first paragraph of the Article 32 of the Corporate Tax Law No. 5520, shall be applied as 25% over the corporation income for the tax period of the years 2021, 23% for the taxation period of 2022. (and for entities that are appointed with special accounting period, for the accounting periods beginning within the relevant year).

In this context, corporate tax will be collected at the rate of 25% for the 2021 period and 23% for the year 2022 for corporate taxpayers. In addition, in the said periods, temporary tax will be paid by the corporate taxpayers at the rate of 25% for 2021 and 23% for 2022, according to the principles specified in the Income Tax Law, to be deducted from the corporate tax of the aforementioned tax periods.

This rate is applied on taxable income which is calculated by adjusting the income before tax for certain disallowable expenses, tax exempt income and other allowances. No further tax is applicable unless the profit is distributed. In accordance with the tax legislation, the temporary tax rate for 2021 will be paid at the rate of 25% for the year 2021 and 23% for the year 2022 over the tax bases formed quarterly, and the temporary taxes paid within the year are deducted from the corporate tax calculated over the annual corporate tax return of that year.

Withholding taxes is not applied to dividends distributed to companies resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey. With the Council of Minister's decision numbered 2009/14593 and 2009/14594 which are published in official gazette numbered 27130 and dated 3 February 2009, some deduction rates in 15th and 30th articles of the corporate tax law numbered 5520 were re-determined. In accordance with this, dividends distributed to companies other than companies resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey are subject to 10% withholding taxes. Double tax treaty agreements are also taken into consideration during the application of withholding taxes on dividends distributed to real persons and to foreign-based taxpayers. Addition of profit to share capital is not considered as dividend distributed therefore no withholding taxes is applied.

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For the purpose of issuance of certificate of leasing immovables to resource institutions, with the sale of asset leasing companies, the scope of Financial Leasing, Factoring and Financing Companies Law No.6361, dated 21 November 2012 in order to lease it back and in case of taking back at the end of the contract, with the sale of financial leasing companies and asset leasing by asset leasing companies, for profit from the sale of the immovable property inherited from the institution applies this rate as 100% and for the immovable is not compulsory to be in assets at least for a period of two years. But the mentioned immovable's; except in case of failure to fulfill the obligations arising from the source institution, the lesser or leasing agreement, immovable in question by the asset leasing company, in case of selling a third person or institutions, these immovable's with the carrying value before its transfer to resource institution or asset leasing in lesser or asset leasing company, in mentioned institutions taking into consideration the total amount of depreciation is taxable for corporation engaged in the sale.

Corporate tax returns are filed by the thirtieth day of the fourth month following the balance sheet date and taxes is paid in one installment by the end of that month.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. However, losses cannot be carried back to offset profits from previous periods. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, there is no procedure for a final and definite agreement on tax assessments.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023

Deferred Tax

For taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, as per the provisions of "Turkish Accounting Standard on Income Taxes" ("TAS 12"), the Group calculates deferred tax liability over all taxable temporary differences and deferred tax asset or liabilities over taxable temporary differences, apart from the provisions for Expected Credit Losses for 12-Months (Stage 1) and for Lifetime Credit Losses (Stage 2) with significant increase in the credit risk after initial recognition, to the extent that is probable that taxable profit will be available in subsequent periods. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis. The tax effect regarding the items directly accounted in equity are also reflected in equity. 20% tax rate is used in the calculation of deferred tax assets and liabilities. Updated tax rates in the upcoming periods will be taken into account in the calculation of deferred tax assets and liabilities.

19. Explanations on Additional Disclosures on Borrowings

Borrowings other than funds collected are measured at amortized cost using the internal rate of return method after the initial recognition. The Group does not apply hedging techniques on related borrowings.

The Group has not issued convertible bonds.

20. Explanations on Share Certificates Issued

There is no significant amount of transaction costs on Bank about share certificates.

21. Explanations on Acceptances and Availed Drafts

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

22. Explanations on Government Grants

There are no government grants received by the Group.

23. Explanations on Segment Reporting

The Group conducts its activities in three separate segments: Corporate and Commercial Banking, Retail Banking, Treasury and International Banking. Each department serves with its own products and the results of the activities are monitored on the basis of these departments.

Segment reporting is disclosed in Section Four, Note 14.

24. Explanations on Other Matters

The Group has no disclosures on other matters.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

1. Explanations on Consolidated Equity Items

Total capital and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of 31 December 2021 Group's total capital has been calculated as TL 19,958,724 (31 December 2020: TL 12,705,468), capital adequacy ratio is %22.34 (31 December 2020: %19.97).

Fluctuations are experienced in the financial markets mainly as a result of the COVID-19 outbreak, in the press statement made by the BRSA on March 23, 2020. Therefore, in accordance with the BRSA's Decision No. 9795 dated 16 September 2021; In the calculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy; To be able to use the simple arithmetic average of the Central Bank foreign exchange buying rates of the last 252 business days before the calculation date, when calculating the amounts valued in accordance with the Turkish Accounting Standards and the relevant special provision amounts for monetary assets and non-monetary assets other than items in foreign currency measured in terms of historical cost, to continue the application until a Board Decision is taken to the contrary,

In addition, in accordance with the BRSA's decision dated April 16, 2020 and numbered 8999; Within the scope of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, it is enabled to apply 0% risk weight in the calculation of the amount subject to credit risk to the receivables of banks from the Central Government of the Republic of Turkey and arranged in FX.

The Parent Bank used these opportunities in its Capital Adequacy calculations as of December 31, 2021.

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1.1. Components of Consolidated Total Capital

	Current Period 31/12/2021 Amount	Prior Period 31/12/2020 Amount
COMMON EQUITY TIER I CAPITAL		
Paid-In Capital To Be Entitled For Compensation After All Creditors	4,600,000	4,600,000
Share Premium	24,525	24,525
Reserves	3,411,612	1,996,805
Other Comprehensive Income According to TAS	482,295	204,250
Profit	3,266,312	1,324,475
Current Period Profit	3,355,492	1,746,138
Prior Period Profit	(89,180)	(421,663)
Minority Shares	-	-
Bonus Shares From Associates, Affiliates And Joint-Ventures Not Accounted In Current Period's Profit	36,019	30,004
Common Equity Tier I Capital Before Deductions	**11,820,763**	**8,180,059**
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	16,538	77,641
Leasehold Improvements On Operational Leases	73,968	77,771
Goodwill Netted With Deferred Tax Liabilities	-	-
Other Intangible Assets Netted With Deferred Tax Liabilities Except Mortgage Servicing Rights	347,516	260,421
Net Deferred Tax Asset/Liability	115,397	-
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	52,112	51,258
Direct And Indirect Investments Of The Bank On Its Own Tier I Capital	4,869	4,869
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 The10% 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 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	-	-
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	**610,400**	**471,960**
Total Common Equity Tier I Capital	**11,210,363**	**7,708,099**

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ADDITIONAL TIER I CAPITAL BEFORE DEDUCTIONS		
Capital corresponding to privileged shares not included in the core capital and the related issuance premiums	-	-
Borrowing instruments deemed appropriate by the Authority and related issuance premiums	3,317,165	1,851,633
Borrowing instruments deemed appropriate by the Authority and the related issuance premiums (those covered by Provisional Article 4)	-	-
Additional Capital Before Discounts	**3,317,165**	**1,851,633**
Deductions From Additional Tier I Capital	**-**	**-**
Direct And Indirect Investments Of The Bank On Its Own Additional Tier I Capital (-)	-	-
Investments In Equity Instruments Issued By Banks Or Financial Institutions Invested In Bank's Additional Tier I Capital And Having Conditions Stated In The Article 7 Of The Regulation	-	-
Total Of Net Long Positions Of The Investments In Equity Items Of Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or Less Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital (-)	-	-
The Total Of Net Long Position Of The Direct Or Indirect Investments In Additional Tier I Capital Of Unconsolidated Banks And Financial Institutions Where The Bank Owns More Than 10% Of The Issued Share Capital (-)	-	-
Other Items To Be Defined By The BRSA (-)	-	-
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 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 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	**3,317,165**	**1,851,633**
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	**14,527,528**	**9,559,732**
TIER II CAPITAL		
Debt Instruments And The Related Issuance Premiums Defined By The BRSA	4,644,031	2,592,281
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)	905,540	652,104
Total Deductions From Tier II Capital	**5,549,571**	**3,244,385**
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 Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or Less Of The Issued Share Capital Exceeding The 10% Threshold Of Above Tier I Capital (-)	-	-
The Total Of Net Long Position Of The Direct Or Indirect Investments In Additional Tier I Capital 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	**5,549,571**	**3,244,385**
Total Equity (Total Tier I And Tier II Capital)	**20,077,099**	**12,804,117**

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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 Immovables Exceeding The Limit Defined In The Article 57, Clause 1 Of The Banking Law And The Assets Acquired Against Overdue Receivables And Held For Sale But Retained More Than Five Years (-)	11,607	5,828
Other Items To Be Defined By The BRSA (-)	106,768	92,821
Items To Be Deducted From The Sum Of Tier I And Tier II Capital (Capital) During The Transition Period		
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)	19,958,724	12,705,468
Total Risk Weighted Assets	89,353,714	63,613,084
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	12.55	12.12
Tier I Capital Ratio (%)	16.26	15.03
Capital Adequacy Ratio (%)	22.34	19.97
BUFFERS		
Bank-Specific Total CET1 Capital Ratio	2.50	2.50
Capital Conservation Buffer Ratio (%)	2.50	2.50
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	8.05	7.62
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)	6,298,549	4,652,363
General Loan Provisions For Exposures In Standard Approach Limited By 1.25% Of Risk Weighted Assets	905,540	652,104
Total Loan Provision That Exceeds Total Expected Loss Calculated According To Communiqué On Calculation Of Credit Risk By Internal Ratings Based Approach	-	-
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 subjected t o Article 4 (to be implemented between January 1 , 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temprorary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temprorary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temprorary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temprorary Article 4	-	-

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Information on debt instruments to be included in equity calculation:			
Issuer	KT One Company Limited	KT AT One Company Limited	KT21 T2 Company Limited
Instrument Code (CUSIP, ISIN vb.)	XS2028862998	XS2227803819	XS2384355520
Legislation to which the Instrument is subject	BRSA regulation on Shareholders ' Equity	BRSA regulation on Shareholders ' Equity	BRSA regulation on Shareholders ' Equity
Consideration In Equity Calculation			
Subject to consideration application reduced by 10% from 1/1/2015	Not Being Subject	Not Being Subject	Not Being Subject
Validity on a consolidated or unconsolidated basis or both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis
Instruments Type	Subordinated Sukuk (Additional Tier I Capital)	Subordinated Sukuk (Additional Tier I Capital)	Subordinated Sukuk (Tier II Capital)
Amount taken into account in equity calculation (as of last reporting date-TL million)	2,654	663	4,644
Nominal value of the Instrument (TL million))	2,654	663	4,644
The account in which the Instrument is followed accounting	3470003	3470003	3470003
Export date of the Instrument	16/07/2019	28/09/2020	16/09/2021
Maturity structure of the Instrument (demand/term))	Demand	Demand	10 Years and 3 Month Term
Initial maturity of the Instrument	5 Years (Due Date : 16/07/2024)	5 Yıl (Due Date : 28/09/2025)	5 Yıl Üç Ay (Due Date:16/12/2026)
Whether the issuer has the right to refund subject to BRSA approval	Yes	Yes	Yes
Date of repayment option, contingent repayment options and amount to be paid back	16/07/2024 – Complete	28/09/2025 – Complete	16/12/2026 -Complete
Subsequent repayment option dates	16/07/2024	28/09/2025	16/12/2026
Dividend payments			
Fixed or variable dividend payments	Fixed Divident payments	Fixed Divident payments	Fixed Divident payments
Dividend ratio and index value for dividend ratio	9.13%	9.95%	6.13%
Whether there are any restrictions that stop paying dividends	None	None	None
The ability to be completely optional, partially optional or mandatory	Mandatory	Mandatory	Mandatory
Whether there is an element to encourage repayment, such as a dividend rate hike	None	None	None
Non-accumulative or cumulative property	Noncumulative	Noncumulative	Noncumulative
Ability to convert to stock			
Trigger events/events that would cause conversion if converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Fully or partially convert property if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
If it can be converted to stock, the conversion rate	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Forced or optional conversion property, if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Types of convertible Instruments, if convertible to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Issuer of the debt instrument to be converted, if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Value reduction feature			
Trigger events/events to cause reduction if value reduction is enabled	No Value Reduction	No Value Reduction	No Value Reduction
If it has a value reduction feature, it has a total or partial value reduction feature	No Value Reduction	No Value Reduction	No Value Reduction
If the value reduction property is continuous or transient	No Value Reduction	No Value Reduction	No Value Reduction
If the value can be temporarily reduced, the value increment mechanism	No Value Reduction	No Value Reduction	No Value Reduction
In the case of liquidation, which is in the order in respect of the right of receivables (the instrument which is located just above this instrument of borrowing))	Tier - 1	Tier - 1	Tier - 2
Whether or not the provisions of Articles 7 and 8 of the regulation on the shareholders ' equity of the banks are not met	None	None	None
Which of the conditions contained in Articles 7 and 8 of the regulation on the shareholders ' equity of the banks are not met	None	None	None

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1.2 Approaches applied to assess the adequacy of internal capital requirement in terms of current and future activities

Internal evaluation process is established for continuously evaluating and maintaining the types, componenets and distribution of the adequate level of capital in order to provide for various risks exposed to or to be exposed to. The final purpose of the evaluation process of the internal capital requirement, is to define and evaluate all the risks included or not in the calculations of the legal capital requirements, within the frame of the activities of the Parent Bank, and to provide the availability od adequate capital in order to cover these risks and the application of the risk management techniques. The results obtained in this evaluation process by taking into consideration, the Parent Banks' growth strategy, assets-liabilities structure, funding sources, liquidıty position, foreign currency position, the effect of the price and market fluctuations on the capital, which are among the variables of the economy, aim to provide the continuity of the mentioned capital adequacy level at the determined level in compliance with the Banks' risk profile and risk appetite.

Within this scope, capital structure is reviewed as based on the frame of the activities and risks exposed to, and the internal capital requirement, probable to occur within the direction of targets and strategies of the Group is evaluated. This evaluation includes interest rate risk, concentration risk, liquidation risk, reputation risk, residual risk, country risk and strategic risk arising of the banking books as well as market, credit and operational risks. Capital requirement internal evaluation is evaluated to be a developing process and the development areas for the future period are determined and plans are prepared.

2. Explanations and disclosures related to consolidated credit risk

Credit risk means the risks and damages to arise as a result of partial or complete non-fulfillment of the obligations timely by non-compliance of the counter party with the requirements of the agreement concluded with the Group.

With regards to the credit risk, the debtor or the group of deptors is subjected to risk limitation. The upper limit of the rate of the credits granted to the companies in one sector to the total credits is determined annually by the Board of Directors and is updated as required.

The credit risk which the Group is subjected to outside of Turkey is followed up by the Board of Directors within the frame of the determined limits on the basis of countries and regions. Within this scope, the total risk which the Group had taken in the foreign country or region, the total of the credit risk taken by the banks residing abroad and/or their branches in Turkey, the total risks of the credits generated to the people residing abroad or with foreign nationally, the risk total taken over the corporate customers and/or banks to which the partners residing in Turkey but of which the principal shareholder or shareholders reside in another country, had given guarantee and in required cases, the risk total taken by the Bank in Turkey should be followed up.

The risks and limits arising of the treasury transactions and customer based commercial transactions are followed up daily. Moreover, the control of the limits allocated as based on the degrees of the correspondent banks and the maximum risk that the Group can take within its equities are also performed daily. The risk limits relevant to the transactions performed daiy are determined and the risk intensity relevant to off the balance sheet transactions are being followed up.

As provided for in the Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for the Loans, the credit worthiness of the debtors of the loans and the other receivables are followed up at regular intervals, in case of early determination of a probable repayment problem, the credit limits redefined and additional guarantees are taken and this way the prevention of the bank's loss is aimed. The account statement documents for the loan generations are taken as defined in the legislation. The guarantees are taken within the frame of the relevant legislation, by consideration of the quality of the credit and the financial structure of the company and as based on the allocation decision taken by the credit committee

Futures and option contracts and other similar contract positions are not held.

The indemnified non-cash loans are subject to the same risk weight as the unpaid credits, in accordance with the "Regulation on the Procedures and Principles for the Determination of the Qualifications of Credits and Other Receivables in Banks and the Proviions to be Forded". Renewed and restructured loans are monitored in accordance with the methods set out in the relevant legislation.

Foreign trade financing and inter-banks loan transactions are performed by a wide network of correspondents and the countr risks, limits, correspondent risks and limits are regularly evaluated within this scope.

There is no important credit risk concentration when evaluated together with the financial activities of the other financial institutes.

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The Parent Bank's top 100 and 200 cash loan customers represents 30% and 37% of the total cash loan portfolio, respectively.

The Parent Bank's top 100 and 200 non-cash loan customers represent 31% and 41% of the total non-cash loan portfolio, respectively.

The Parent Bank's top 100 and 200 cash and non-cash loan customers represent 27% and 34% of the total cash and non-cash loan portfolio, respectively.

Risk Classifications	Current Period Risk Amount (*)	Average Risk Amount(**)
Conditional and unconditional receivables from central governments or Central Banks	76,644,948	63,360,327
Conditional and unconditional receivables from regional or local governments	-	-
Conditional and unconditional receivables from administrative bodies and non-commercial undertakings	-	-
Conditional and unconditional receivables from multilateral development banks	334,877	294,440
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	21,172,808	16,968,880
Conditional and unconditional receivables from corporates	39,938,304	35,654,143
Conditional and unconditional receivables from retail portfolios	19,784,497	15,067,183
Conditional and unconditional receivables secured by mortgages	25,204,771	23,111,487
Past due receivables	148,417	179,549
Receivables defined under high risk category by BRSA	316,338	205,010
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	105,266	258,611
Stock Investments	112,938	92,767
Other receivables	11,422,427	8,847,381
Total	**195,185,591**	**164,039,778**

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.
(**) Average risk amounts are the arithmetical average of the amounts in monthly reports prepared starting from the date of publication of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Bank.

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

Risk Classifications	Prior Period Risk Amount (*)	Average Risk Amount (**)
Conditional and unconditional receivables from central governments or Central Banks	52,541,435	46,059,100
Conditional and unconditional receivables from regional or local governments	-	-
Conditional and unconditional receivables from administrative bodies and non-commercial undertakings	-	-
Conditional and unconditional receivables from multilateral development banks	257,348	220,804
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	10,844,546	10,548,957
Conditional and unconditional receivables from corporates	29,908,024	24,190,958
Conditional and unconditional receivables from retail portfolios	14,182,890	12,555,220
Conditional and unconditional receivables secured by mortgages	21,852,188	18,635,524
Past due receivables	243,934	264,990
Receivables defined under high risk category by BRSA	145,506	139,541
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	75,196	98,535
Stock Investments	84,991	65,478
Other receivables	6,559,826	6,447,057
Total	**136,695,884**	**119,226,164**

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.
(**) Average risk amounts are the arithmetical average of the amounts in monthly reports prepared starting from the date of publication of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Bank.

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2.1. Profile of significant exposures in major regions

Current Period (*)	Conditional and unconditional receivables from central governments ot Central Banks	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporates	Conditional and unconditional receivables from retail portfolios	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined under high risk category by BRSA	Investments similar to collective investment funds	Stock Investments	Other Receivables	Total
Domestic	76,644,948	-	10,774,374	35,219,026	18,519,722	25,006,530	148,257	308,548	105,266	-	-	166,726,672
European Union Countries	-	-	1,051,381	4,557,709	1,217,316	39,988	79	5,157	-	-	-	6,871,630
OECD Countries (**)	-	-	3,163,663	19,716	3,241	11,612	17	85	-	-	-	3,198,334
Off-Shore Regions	-	-	1,973	61,673	2,905	89,582	-	-	-	-	-	156,133
USA, Canada	-	-	5,500,448	88	1,164	1,142	-	127	-	-	-	5,502,969
Other Countries	-	334,877	680,969	80,092	40,149	55,917	64	2,421	-	-	-	1,194,488
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	112,938	-	112,938
Undistributed Assets / Liabilities(***)	-		-	-	-	-	-	-	-	-	11,422,427	11,422,427
Total	**76,644,948**	**334,877**	**21,172,808**	**39,938,304**	**19,784,497**	**25,204,771**	**148,417**	**316,338**	**105,266**	**112,938**	**11,422,427**	**195,185,591**

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.
(**) Includes OECD countries other than EU countries, USA and Canada.
(***) Includes assets and liability items that cannot be allocated on a consistent basis.
(****) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

Prior Period (*)	Conditional and unconditional receivables from central governments ot Central Banks	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporates	Conditional and unconditional receivables from retail portfolios	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined under high risk category by BRSA	Investments similar to collective investment funds	Stock Investments	Other Receivables	Total
Domestic	52,541,435	-	4,495,935	26,830,010	13,612,650	21,697,804	240,366	123,676	75,196	-	-	119,617,072
European Union Countries	-	-	685,457	2,953,148	532,512	39,700	2,998	21,830	-	-	-	4,235,645
OECD Countries (**)	-	-	1,908,656	51,038	5,118	11,835	3	-	-	-	-	1,976,650
Off-Shore Regions	-	-	5,930	10,468	181	33,605	323	-	-	-	-	50,507
USA, Canada	-	-	3,089,839	2,504	667	6,287	-	-	-	-	-	3,099,297
Other Countries	-	257,348	658,729	60,856	31,762	62,957	244	-	-	-	-	1,071,896
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	84,991	-	84,991
Undistributed Assets /Liabilities(***)	-	-	-	-	-	-	-	-	-	-	6,559,826	6,559,826
Total	**52,541,435**	**257,348**	**10,844,546**	**29,908,024**	**14,182,890**	**21,852,188**	**243,934**	**145,506**	**75,196**	**84,991**	**6,559,826**	**136,695,884**

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.
(**) Includes OECD countries other than EU countries, USA and Canada.
(***) Includes assets and liability items that cannot be allocated on a consistent basis.
(****) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks."

2.2. Risk profile by sectors or counterparties

Current Perio	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from Corporates	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by Mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Stock Investmenst	Other receivables	TL	FC	Total (*)
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**548,818**	**393,655**	**579,950**	**1,604**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,090,509**	**433,518**	**1,524,027**
Farming and Stockbreeding	-	-	-	-	-	-	485,173	277,018	474,008	539	-	-	-	-	-	-	-	856,329	380,409	1,236,738
Forestry	-	-	-	-	-	-	59,601	115,524	104,369	1,065	-	-	-	-	-	-	-	227,450	53,109	280,559
Fishery	-	-	-	-	-	-	4,044	1,113	1,573	-	-	-	-	-	-	-	-	6,730	-	6,730
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**14,942,704**	**5,577,283**	**5,850,903**	**34,121**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**12,041,892**	**14,363,119**	**26,405,011**
Mining and Quarrying	-	-	-	-	-	-	2,367,192	945,298	941,727	862	-	-	-	-	-	-	-	2,277,535	1,977,544	4,255,079
Production	-	-	-	-	-	-	8,544,368	4,257,947	4,535,381	33,103	-	-	-	-	-	-	-	9,254,802	8,115,997	17,370,799
Electricity, Gas and Water	-	-	-	-	-	-	4,031,144	374,038	373,795	156	-	-	-	-	-	-	-	509,555	4,269,578	4,779,133
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**8,431,186**	**2,002,176**	**3,588,137**	**52,893**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,179,835**	**6,894,557**	**14,074,392**
Services	**76,644,948**	**-**	**-**	**334,877**	**-**	**21,172,808**	**9,499,769**	**6,257,192**	**6,585,825**	**45,711**	**-**	**-**	**-**	**-**	**105,266**	**112,938**	**-**	**44,569,201**	**76,190,133**	**120,759,334**
Wholesale and Retail Trade	-	-	-	-	-	-	6,112,113	4,193,997	4,380,325	30,592	-	-	-	-	-	-	-	9,567,785	5,149,242	14,717,027
Accommodation and Dining	-	-	-	-	-	-	73,555	151,560	252,944	5,063	-	-	-	-	-	-	-	300,753	182,369	483,122
Transportation and Telecom.	-	-	-	-	-	-	1,497,214	1,022,960	732,934	5,310	-	-	-	-	-	-	-	1,648,568	1,609,850	3,258,418
Financial Institutions	76,644,948	-	-	334,877		21,172,808	1,572	6,163	54,520	-	-	-	-	-	105,266	112,938	-	30,370,743	68,062,349	98,433,092
Real Estate and Rental Services	-	-	-	-	-	-	954,653	279,514	456,951	2,407	-	-	-	-	-	-	-	1,004,410	689,115	1,693,525
Professional Services	-	-	-	-	-	-	14,605	176	65	-	-	-	-	-	-	-	-	246	14,600	14,846
Educational Services	-	-	-	-	-	-	59,327	50,169	103,802	1,676	-	-	-	-	-	-	-	163,104	51,870	214,974
Health and Social Services	-	-	-	-	-	-	786,730	552,653	604,284	663	-	-	-	-	-	-	-	1,513,592	430,738	1,944,330
Others	**-**	**-**	**-**	**-**	**-**	**-**	**6,515,827**	**5,554,191**	**8,599,956**	**14,088**	**316,338**	**-**	**-**	**-**	**-**	**-**	**11,422,427**	**16,406,854**	**16,015,973**	**32,422,827**
Total	**76,644,948**	**-**	**-**	**334,877**	**-**	**21,172,808**	**39,938,304**	**19,784,497**	**25,204,771**	**148,417**	**316,338**	**-**	**-**	**-**	**105,266**	**112,938**	**11,422,427**	**81,288,291**	**113,897,300**	**195,185,591**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.
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Prior Period	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from Corporates	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by Mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Stock Investmenst	Other receivables	TL	FC	Total (*)
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**456,738**	**249,476**	**498,991**	**7,699**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**951,636**	**261,268**	**1,212,904**
Farming and Stockbreeding	-	-	-	-	-	-	422,123	182,714	411,243	2,822	-	-	-	-	-	-	-	783,710	235,192	1,018,902
Forestry	-	-	-	-	-	-	33,267	64,605	87,145	4,877	-	-	-	-	-	-	-	163,829	26,065	189,894
Fishery	-	-	-	-	-	-	1,348	2,157	603	-	-	-	-	-	-	-	-	4,097	11	4,108
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**10,962,566**	**3,688,267**	**4,391,612**	**30,170**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,797,995**	**8,274,620**	**19,072,615**
Mining and Quarrying	-	-	-	-	-	-	2,206,974	634,065	714,788	4,412	-	-	-	-	-	-	-	2,169,516	1,390,723	3,560,239
Production	-	-	-	-	-	-	5,877,264	2,767,732	3,374,290	23,973	-	-	-	-	-	-	-	8,097,605	3,945,654	12,043,259
Electricity, Gas and Water	-	-	-	-	-	-	2,878,328	286,470	302,534	1,785	-	-	-	-	-	-	-	530,874	2,938,243	3,469,117
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**6,537,670**	**1,384,963**	**3,074,401**	**100,690**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,173,383**	**4,924,341**	**11,097,724**
Services	**52,541,435**	**-**	**-**	**257,348**	**-**	**10,844,546**	**7,401,509**	**4,473,779**	**5,564,614**	**92,860**	**-**	**-**	**-**	**-**	**75,196**	**84,991**	**-**	**34,876,966**	**46,459,312**	**81,336,278**
Wholesale and Retail Trade	-	-	-	-	-	-	4,505,966	3,088,213	3,813,872	51,970	-	-	-	-	-	-	-	8,957,769	2,502,252	11,460,021
Accommodation and Dining	-	-	-	-	-	-	51,168	102,827	243,384	12,542	-	-	-	-	-	-	-	265,686	144,235	409,921
Transportation and Telecom.	-	-	-	-	-	-	1,323,557	617,845	443,599	11,311	-	-	-	-	-	-	-	1,388,657	1,007,655	2,396,312
Financial Institutions	52,541,435	-	-	257,348		10,844,546	35,327	3,348	42,780	66	-	-	-	-	75,196	84,991	-	21,888,653	41,996,384	63,885,037
Real Estate and Rental Services	-	-	-	-	-	-	707,598	182,845	389,677	3,861	-	-	-	-	-	-	-	815,435	468,546	1,283,981
Professional Services	-	-	-	-	-	-	11	3,494	86	18	-	-	-	-	-	-	-	240	3,369	3,609
Educational Services	-	-	-	-	-	-	42,025	49,127	118,851	7,139	-	-	-	-	-	-	-	159,002	58,140	217,142
Health and Social Services	-	-	-	-	-	-	735,857	426,080	512,365	5,953	-	-	-	-	-	-	-	1,401,524	278,731	1,680,255
Others	**-**	**-**	**-**	**-**	**-**	**-**	**4,549,541**	**4,386,405**	**8,322,570**	**12,515**	**145,506**	**-**	**-**	**-**	**-**	**-**	**6,559,826**	**15,757,893**	**8,218,470**	**23,976,363**
Total	**52,541,435**	**-**	**-**	**257,348**	**-**	**10,844,546**	**29,908,024**	**14,182,890**	**21,852,188**	**243,934**	**145,506**	**-**	**-**	**-**	**75,196**	**84,991**	**6,559,826**	**68,557,873**	**68,138,011**	**136,695,884**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.
(**) Stands for the risk categories listed in Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks.

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2.3. Analysis of maturity-bearing exposures according to remaining maturities:

	Time to Maturity				
Risk Categories (*) – Current Period	**1 month**	**1–3 months**	**3–6 months**	**6–12 months**	**Over 1 year**
Conditional and unconditional receivables from central governments or Central Banks	15,722,410	-	-	315,286	19,656,442
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-
Conditional and unconditional receivables from administrative bodies and non-commercial undertakings	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	334,877
Conditional and unconditional receivables from international organizations					
Conditional and unconditional receivables from banks and brokerage houses	2,590,072	320,980	5,151,695	151,918	491,253
Conditional and unconditional receivables from corporates	3,473,418	2,993,443	12,018,425	4,413,148	16,989,706
Conditional and unconditional receivables from retail portfolios	2,474,528	2,243,669	3,294,199	3,095,794	8,388,977
Conditional and unconditional receivables secured by mortgages	1,527,158	1,533,238	1,930,398	3,778,266	16,435,710
Past due receivables					
Receivables defined under high risk category by BRSA	217,482	4,567	-	2,042	92,247
Collateralized securities	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-	-
Investments similar to collective investment funds	1,099	3,067	103	491	100,506
Stock Investments	-	-	-	-	112,938
Other Receivables	-	-	-	-	-
Total	**26,006,167**	**7,098,964**	**22,394,820**	**11,756,945**	**62,602,656**

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.
(**) Stands for the risk categories listed in Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks.

	Time to Maturity				
Risk Categories (*) – Prior Period	**1 month**	**1–3 months**	**3–6 months**	**6–12 months**	**Over 1 year**
Conditional and unconditional receivables from central governments or Central Banks	4,938,677	-	-	778,383	19,108,807
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-
Conditional and unconditional receivables from administrative bodies and non-commercial undertakings	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	257,348
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	5,294,479	482,334	11,721	63,165	326,989
Conditional and unconditional receivables from corporates	5,414,730	1,195,651	5,333,584	3,947,355	13,984,082
Conditional and unconditional receivables from retail portfolios	2,135,905	987,609	2,245,923	1,934,120	6,717,234
Conditional and unconditional receivables secured by mortgages	1,202,800	767,140	1,693,683	2,476,893	15,711,672
Past due receivables	-	-	-	-	-
Receivables defined under high risk category by BRSA	145,506	-	-	-	-
Collateralized securities	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-	-
Investments similar to collective investment funds	20,921	15,645	7,180	-	31,450
Stock Investments	-	-	-	-	84,991
Other Receivables	-	-	-	-	-
Total	**19,153,018**	**3,448,379**	**9,292,091**	**9,199,916**	**56,222,573**

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.
(**) Stands for the risk categories listed in Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks.

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2.4 Exposure Categories

In compliance with the 7th Article of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks, determination of the risk weights in calculation of the risk weighted sums is performed based on the credit ratings provided by the rating companies.

The ratings of an international credit rating agency are used for the Banks and Corporate Receivables asset class, which is limited to the receivables that are resident abroad. Receivables from banks are analyzed in two separate receivable classes according to their original maturity. If the original maturity is 3 months or less, they are assigned to "Short Term Receivables from Banks and Intermediary Institutions", if it is more than 3 months it is assgined to "Receivables from Banks and Intermediary Institutions". The banks and institutions established within the country are evaluated as unrated.

The ratings given by the international credit rating agency are used to determine the risk weighted asset class. The ratings of the credit rating agency are being used for Banks and Corporate Receivables asset class limited to the counterparties which are resident abroad.

		Exposure Categories			
			Exposures from Banks and Brokerage Houses		
Credit Quality Grade	**Fitch Rating Risk**	**Exposures to Central Governments or Central Banks Exposure Categories**	**Receivables With Original Maturity Less Than 3 Months**	**Receivables with Original Maturity greater than 3 Months**	**Exposures to Corporates**
1	AAA AA+ AA AA-	%0	%20	%20	%20
2	A+ A A-	%20	%20	%50	%50
3	BBB+ BBB BBB-	%50	%20	%50	%100
4	BB+ BB BB-	%100	%50	%100	%100
5	B+ B B-	%100	%50	%100	%150
6	CCC+ CCC CCC- CC C D	%150	%150	%150	%150
Unrated	Unrated	%100	%20 (*)	%50 (*)	%100

(*) This is used under the condition of not being less than the implemented one in the centralized management of the Parent Bank's located country.

Credit risk using the standard approach

. Credit risk exposed and credit risk mitigation effects

		CCF and CRM		CCF and CRM		RWA and RWA density	
		Receivable before		Receivable post			
	Risk Classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Receivables from central governments and Central Banks	71,423,660	-	75,608,995	-	-	-
2	Receivables from regional and local government	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-
4	Receivables from multilateral development banks	334,877	-	334,877	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	19,396,042	2,799,611	19,396,042	399,825	6,166,233	31
7	Receivables from corporate	36,436,335	7,059,657	32,603,584	3,407,363	35,131,430	98
8	Retail receivables	16,894,133	8,595,982	16,749,676	2,857,929	14,151,347	72
9	Receivables secured by residential property	10,657,780	776,693	10,611,657	383,704	3,801,491	35
10	Receivables secured by commercial property	12,999,048	2,370,794	12,861,012	1,144,236	9,308,342	66
11	Non-performing receivables	148,417	-	124,451	-	57,099	46
12	Receivables in high-risk categories	316,338	-	316,338	-	464,836	147
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	105,266	-	105,266	-	19,479	19
16	Other receivables	11,422,427	-	11,422,427	-	2,570,603	23
17	Stock investments	112,938	-	112,938	-	112,938	100
18	**Total**	**180,247,261**	**21,602,737**	**180,247,263**	**8,193,057**	**71,783,798**	

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2.5.2. Exposures by asset classes and risk weights

	Risk Classes / Risk Weights (Current Period)	0%	10%	20%	50%	75%	100%	150%	200%	Others*	Total risk amount (post-CCF and CRM)
1	Receivables from central governments and Central Banks	75,608,995	-	-	-	-	-	-	-	-	75,608,995
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	334,877	-	-	-	-	-	-	-	-	334,877
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	10,508	-	13,208,157	6,105,200	-	472,002	-	-	-	19,795,867
7	Receivables from corporate	490,782	-	485,918	-	-	35,034,247	-	-	-	36,010,947
8	Retail receivables	423,918	-	459,819	-	18,657,937	65,931	-	-	-	19,607,605
9	Receivables secured by residential property	82,853	-	119,246	-	-	-	-	-	10,793,262	10,995,361
10	Receivables secured by commercial property	174,229	-	182,733	8,752,980	-	4,895,306	-	-	-	14,005,248
11	Non-performing receivables	12,761	-	383	108,569	-	2,738	-	-	-	124,451
12	Receivables in high-risk categories	4,870	-	1,820	-	-	-	309,648	-	-	316,338
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	82,130	-	4,189	612	-	18,335	-	-	-	105,266
16	Stock investments	-	-	-	-	-	112,938	-	-	-	112,938
17	Other receivables	8,828,137	-	29,609	-	-	2,564,681	-	-	-	11,422,427
18	**Total**	**86,054,060**	**-**	**14,491,874**	**14,967,361**	**18,657,937**	**43,166,178**	**309,648**	**-**	**10,793,262**	**188,440,320**

* 35% Risk Weight is classified in the others section.

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	Risk Classes / Risk Weights (Prior Period)	0%	10%	20%	50%	75%	100%	150%	200%	Others*	Total risk amount (post-CCF and CRM)
1	Receivables from central governments and Central Banks	57,700,165	-	-	-	-	-	-	-	-	57,700,165
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	257,348	-	-	-	-	-	-	-	-	257,348
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	16,923	-	9,032,433	695,436	-	483,839	-	-	-	10,228,631
7	Receivables from corporate	318,136	-	340,426	-	-	25,773,717	-	-	-	26,432,279
8	Retail receivables	281,308	-	256,042	-	12,285,557	-	-	-	-	12,822,907
9	Receivables secured by residential property	57,575	-	73,308	-	-	-	-	-	9,708,965	9,839,848
10	Receivables secured by commercial property	82,410	-	110,029	6,944,903	-	4,074,145	-	-	-	11,211,487
11	Non-performing receivables	861	-	412	172,644	-	7,600	-	-	-	181,517
12	Receivables in high-risk categories	19	-	-	-	-	-	145,487	-	-	145,506
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	22,731	-	36,610	9,444	-	6,411	-	-	-	75,196
16	Stock investments	-	-	-	-	-	84,991	-	-	-	84,991
17	Other receivables	3,777,505	-	1,591	-	-	2,780,730	-	-	-	6,559,826
18	**Total**	**62,514,981**	**-**	**9,850,851**	**7,822,427**	**12,285,557**	**33,211,433**	**145,487**	**-**	**9,708,965**	**135,539,701**

* 35% Risk Weight is classified in the others section.

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2.6. Risk amounts according to risk weights

Current Period / Risk Weights	%0	%10	%20	%25	%35	%50	%75	%100	%150	%200	Other Risk Classes	Deductions from Equity
Exposures before Credit Risk Mitigation	80,679,312	-	13,241,955	-	11,041,484	15,314,386	19,678,584	48,168,258	316,338	-	-	499,381
Exposures after Credit Risk Mitigation	86,054,060	-	14,491,874	-	10,793,262	14,967,361	18,657,937	43,166,175	309,648	-	-	499,381

Prior Period / Risk Weights	%0	%10	%20	%25	%35	%50	%75	%100	%150	%200	Other Risk Classes	Deductions from Equity
Exposures before Credit Risk Mitigation	56,159,234	-	9,070,634	-	10,098,454	8,349,267	14,165,097	37,551,509	145,506	-	-	487,996
Exposures after Credit Risk Mitigation	62,514,981	-	9,850,851	-	9,708,966	7,822,427	12,285,557	33,211,433	145,487	-	-	487,996

2.7. Information by major sectors and type of counterparties

Impaired Loans; are the credits that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness according to TFRS 9 Financial Instruments. For such credits, "specific provisions" are allocated as TFRS 9 suggests.

Past Due Loans; are the credits that overdue up to 90 days but not impaired. For such credits, "general provisions" are allocated within the scope of TFRS 9.

	Loans		Provisions
	Impaired Loans		
Current Period (**)	**Significant Increase in Credit Risk (Stage II)**	**Default (Stage III)**	**Expected Credit Loss Provisions (*)**
Agriculture	**245,611**	**33,900**	**177,971**
Farming and Stockbreeding	231,260	14,129	156,508
Forestry	13,065	19,771	21,041
Fishery	1,286	-	422
Manufacturing	**2,338,746**	**561,557**	**1,668,420**
Mining and Quarrying	631,093	155,218	507,855
Production	1,533,057	396,355	1,116,386
Electricity, Gas and Water	174,596	9,984	44,179
Construction	**2,526,686**	**1,187,755**	**1,781,507**
Services	**3,276,685**	**1,150,166**	**2,405,780**
Wholesale and Retail Trade	1,618,844	699,548	1,254,951
Accommodation and Dining	225,960	147,909	285,463
Transportation and Telecommunication	450,777	95,547	192,239
Financial Institutions	33,439	5,529	5,974
Real Estate and Rental Services.	623,331	48,889	432,205
Professional Services	9	-	1
Educational Services	76,365	113,883	164,186
Health and Social Services	247,960	38,861	70,761
Others	**1,049,410**	**149,137**	**261,990**
Total	**9,437,138**	**3,082,515**	**6,295,668**

(*) Provisions for expected credit loss include Stage II and Stage III provisions.
(**) Leasing receivables are not included.

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	Loans		Provisions
	Impaired Loans		
Prior Period (**)	**Significant Increase in Credit Risk (Stage II)**	**Default (Stage III)**	**Expected Credit Loss Provisions (*)**
Agriculture	**254,002**	**50,399**	**95,534**
Farming and Stockbreeding	233,481	28,780	75,984
Forestry	19,499	18,341	15,872
Fishery	1,022	3,278	3,678
Manufacturing	**2,121,591**	**453,590**	**900,336**
Mining and Quarrying	490,170	62,382	181,608
Production	1,505,834	356,249	667,459
Electricity, Gas and Water	125,587	34,959	51,269
Construction	**1,480,599**	**1,288,690**	**1,551,475**
Services	**2,874,720**	**1,028,716**	**1,526,464**
Wholesale and Retail Trade	1,572,153	656,152	904,496
Accommodation and Dining	204,438	106,068	160,115
Transportation and Telecommunication	249,028	96,309	131,261
Financial Institutions	7,820	3,939	4,012
Real Estate and Rental Services.	457,523	38,410	165,592
Professional Services	5,207	183	799
Educational Services	64,574	67,631	77,756
Health and Social Services	313,977	60,024	82,433
Others	**824,376**	**148,859**	**195,101**
Total	**7,555,288**	**2,970,254**	**4,268,910**

(*) Provisions for expected credit loss include Stage II and Stage III provisions.
(**) Leasing receivables are not included.

2.8. Movements in value adjustments and provisions

Current Period (*****)	**Opening Balance (After TFRS9**	**Provisions for period**	**Provision Reversals (***)**	**Other Adjustments (****)**	**Closing Balance**
Stage 3 Provisions (*)	2,524,317	1,282,918	610,807	408,047	2,788,381
Stage 1&2 Provisions (**)	2,924,384	3,290,124	395,527	-	5,818,981

Prior Period (*****)	**Opening Balance (After TFRS9**	**Provisions for period**	**Provision Reversals (***)**	**Other Adjustments (****)**	**Closing Balance**
Stage 3 Provisions (*)	1,557,589	1,702,008	331,486	403,794	2,524,317
Stage 1&2 Provisions (**)	1,485,484	1,538,514	99,614	-	2,924,384

(*) Represents Stage III expected loss provision.
(**) Represents Stage I and Stage II expected loss provision.
(***) Includes provision reversals and exchange rate differences.
(****) Represents loans written off from assets.
(*****) It does not include provisions for non-cash loans.

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2.9. Risk involved in counter cyclical capital buffer calculation

Current Period

Country	RWAs of Banking Book for Private Sector Lending	RWA of calculated within Trading Accounts	Total
Turkey	57,304,734	-	57,304,734
Germany	5,724,699	-	5,724,699
Marshall Islands	107,017	-	107,017
Albania	51,878	-	51,878
Malta	34,672	-	34,672
England	24,936	-	24,936
Iraq	23,554	-	23,554
Italy	21,535	-	21,535
Saudi Arabia	7,107	-	7,107
Russia	4,992	-	4,992
Other	42,048	-	42,048

Prior Period

Country	RWAs of Banking Book for Private Sector Lending	RWA of calculated within Trading Accounts	Total
Turkey	42,914,258	-	42,914,258
Germany	6,389,664	-	6,389,664
England	56,079	-	56,079
Albania	43,248	-	43,248
Iraq	20,621	-	20,621
Marshall Islands	20,368	-	20,368
Italy	13,187	-	13,187
Saudi Arabia	11,373	-	11,373
Qatar	4,772	-	4,772
Hungary	2,979	-	2,979
Other	18,021	-	18,021

2.10. Information of cash and noncash loans according to parent bank risk rating system

The Bank calculates the probability of delinquency and internal rating notes for the portfolio of Corporate/Commercial/SME loans based on statistical methods in Turkish Commercial Code. Ratings are shown the table below as of 31 December 2021.

	Cash Loans	Non-Cash Loans	Total
High Quality	%48.04	%66.87	%50.36
Medium Quality	%35.78	%23.61	%34.28
Average	%12.17	%7.19	%11.55
Below Average	%4.01	%2.33	%3.81

Note: All portfolio is rated.

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3. Explanations on consolidated currency risk

Foreign currency risk represents the Group's exposure to loss due to the changes in foreign currency exchange rates. All foreign currency assets, liabilities and foreign currency forward transactions are considered in calculation of capital to be employed for foreign currency risk according to standard method. The "standard method" and the "value at risk method" used in legal reporting are used to measure the exchange rate risk of the Group. Measurements made under the standard method are carried out on a monthly basis and measurements made under the risk-exposed Value Method are carried out on a daily basis.

The Parent Bank monitors daily the designated limits set by the Board of Directors and additionally observes the possible value changes in foreign currency positions. The limits are determined and followed both for the net foreign currency position and for the cross-exchange rate risk within the position. As a tool of foreign currency risk management, foreign currency forward transactions are used when necessary to mitigate the risk.

As of 31 December 2021, the Group carries a net foreign currency long position of TL 584,272 (31 December 2020 – TL 21,796,612 short position) comprising of TL 304,773 balance sheet short position (31 December 2020 - TL 21,889,484 long position) and TL 279,499 off balance sheet long position (31 December 2020 – TL 102,872 long position).

The announced current foreign exchange buying rates of the Parent Bank as of 31 December 2021 and the previous five working days are as follows (full TL):

	24/12/2021	27/12/2021	28/12/2021	29/12/2021	30/12/2021	Balance Sheet Valuation Rate
USD	11.59337	11.33396	11.78151	12.26809	12.95715	13.26866
EUR	13.14634	12.82523	13.34247	13.85752	14.66517	15.02175
GBP	15.55061	15.19147	15.83407	16.47226	17.46344	17.91170
CHF	12.64138	12.32887	12.84602	13.35944	14.13843	14.52923
JPY	0.10140	0.09891	0.10257	0.10672	0.11254	0.11527

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days preceding the balance sheet date are as follows (full TL):

	Monthly average FC purchase rate
USD	13.62454
EUR	15.40218
GBP	18.12620
CHF	14.79793
JPY	0.11968

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Consolidated Currency risk of the Group

Current Period	EUR	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 (***)	21,391,407	22,758,220	17,440,402	61,590,029
Banks (*****)	2,741,048	2,718,123	9,849,138	15,308,309
Financial assets at fair value through profit and loss	-	1,706,211	10,364,898	12,071,109
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	6,095,764	9,781,981	-	15,877,745
Loans and finance lease receivables (*)	32,988,306	34,563,359	27,396	67,579,061
Subsidiaries, associates and joint ventures	-	-	-	-
Financial assets at amortized cost	528,903	5,044,810	-	5,573,713
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	65,286	1,571	-	66,857
Intangible assets	108,915	14	-	108,929
Other assets	2,397,962	74,348	7,043	2,479,353
Total Assets	**66,317,591**	**76,648,637**	**37,688,877**	**180,655,105**
Liabilities				
Current account and funds collected from Banks via participation accounts	1,276,766	174,127	480,066	1,930,959
Current and profit sharing accounts FC	32,940,029	79,236,601	50,586,358	162,762,988
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	549,849	10,970,475	-	11,520,324
Marketable securities issued	-	-	-	-
Miscellaneous payables	935,363	1,220,786	25,053	2,181,202
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (****)	433,285	1,175,635	66,440	1,675,360
Total Liabilities	**36,135,292**	**92,777,624**	**51,157,917**	**180,070,833**
Net balance sheet position	30,182,299	(16,128,987)	(13,469,040)	584,272
Net off-balance sheet position	(31,148,919)	17,466,057	13,528,864	(153,998)
Financial derivative assets	461,079	22,428,894	14,352,732	37,242,705
Financial derivative liabilities	31,609,998	4,962,837	823,868	37,396,703
Non-cash loans (**)	3,261,176	4,935,753	274,986	8,471,915
Prior Period				
Total assets	37,591,207	31,661,053	16,225,780	85,478,040
Total liabilities	18,020,699	51,448,283	37,805,670	107,274,652
Net balance sheet position	19,570,508	(19,787,230)	(21,579,890)	(21,796,612)
Net off-balance sheet position	(19,869,202)	20,187,707	21,580,979	21,899,484
Financial derivative assets	730,800	25,033,494	21,919,119	47,683,413
Financial derivative liabilities	20,600,002	4,845,787	338,140	25,783,929
Non-cash loans (**)	1,840,536	2,349,832	205,654	4,396,022

(*) Includes foreign currency indexed loans amounting to TL 2,009,070 (31 December 2020 – TL 1,740,355) followed as TL on the balance sheet and expected credit loss amounting to TL 3,664,484

(**) Does not have any effect to the net off-balance sheet position.

(***) Precious metals are included in "Other FC" column. Includes the expected loss provisions amounting to TL 192 in the balance sheet.

(****) Other liabilities at fair value through TL 4,764 in the calculation of profit / loss of securities are not included in the foreign currency risk of impairment provisions. It also includes a provision for foreign currency indexed loans amounting to TL 178,870

(*****) Includes provisions for expected losses amounting to TL 2,165 in the balance sheet

Foreign currency amounts that are not included in the currency risk table due to the legislation related to calculation of foreign currency net position to equity standard ratio, are explained by their gradation in the financial statements below;

- Derivative financial assets held for trading TL 592,855 (31 December 2020 – TL 333,060)
- Prepaid expenses: TL 1,303 (31 December 2020 – 693 TL)
- Derivative financial liabilities held for trading: TL 64,866 (31 December 2020 – TL 286,320)
- Marketable securities of FC revaluation reverse: TL 65,917 (31 December 2020 - TL (94,206))
- Derivative financial liabilities held for hedging: None (31 December 2020 - None)

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Receivables/Payables related to derivative financial instruments include foreign currency purchase/sale transactions and forward precious metal purchases that are amounting to;

- Forward foreign currency purchase transactions TL 1,788,778 (31 December 2020 – TL 1,121,892)
- Forward foreign currency sale transactions: TL 3,018,472 (31 December 2020 – TL 1,177,606)
- Precious metal purchase transactions: TL 13,177,082 (31 December 2020 – TL 20,984,650)
- Precious metal sale transactions: TL 52,347 (31 December 2020 – TL 30,525)

Currency risk sensitivity

The Group is mainly exposed to foreign currency risk in EURO, USD and GOLD.

The following table shows the Group's sensitivity to 10% change in both USD, EURO and GOLD exchange rate.

	% changes on foreign currency		Effects on Profit / Loss	Effects on equity	
		Current Period	Prior Period	Current Period	Prior Period
USD	%10	123,774	40,048	194,489	31,035
EUR	%10	(101,898)	(29,869)	(97,959)	(29,901)
GOLD	%10	16,064	11,870	16,064	11,870

4. Explanations related to stock position risk

4.1 Relation of risks with gains accounted under equity and analyzing according to their aims including strategic reasons and the accounting policies applied and general information about valuation techniques with assumptions in this application, the elements that manipulate valuation and important changes

The Group's non-quoted securities are accounted for fair value. When the fair value cannot be reliably measured, the cost method is used.

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4.2. Carrying value of share investments, for fair value and quoted securities, comparison with market value if market value is significantly different from fair value

Curent Period		**Comparison**	
Equity Securities Investments	**Carrying Value**	**Fair Value**	**Market Value**
Securities at Fair Value Through Other Comprehensive Income	**84,074**	**-**	**84,074**
Quoted Securities	-	-	-
Investments in Associates	-	-	-
Quoted Securities	-	-	-
Investment in Subsidiaries	**23,680**	**-**	**-**
Quoted Securities	-	-	-
Other	**89,258**	**-**	**-**
Quoted Securities	-	-	-

Prior Period			
Equity Securities Investments	**Carrying Value**	**Fair Value**	**Market Value**
Securities Available-for-Sale	**49,146**	**-**	**49,146**
Quoted Securities	-	-	-
Investments in Associates	-	-	-
Quoted Securities	-	-	-
Investment in Subsidiaries	**23,680**	**-**	**-**
Quoted Securities	-	-	-
Other	**61,311**	**-**	**-**
Quoted Securities	-	-	-

4.3 Realized gains/losses, revaluation surplus, unrealized gains/losses on equity securities and results included in core and supplementary capitals

None.

5. Consolidated liquidity risk management and liquidity coverage ratio

The liquidity risk of the Group is the risk of being unable to fulfill its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities. It has been evaluated in two main categories:

Funding Liquidity Risk: It is a kind of risk which does not meet the any unexpected loss and non defaulting debts and liabilities.

Market Liquidity Risk: It is a kind of risk which consists of the position that cannot be sold without affecting market price due to insufficient market depth or market conditions' deterioration or that cannot be completed with the position of market price for any reasons.

Liquidity risk is managed by the Asset and Liability Committee (ALCO) and relevant business units within the framework of the Liquidity Risk Policy and risk appetite approved by the Board of Directors. In liquidity risk management, the measures to be taken and the practices to be implemented are determined, taking into account normal economic and stress conditions. The Bank defines the liquidity risk, measures, monitors and periodically presents the risks with liquidity risk measurement methods in accordance with international standards. Liquidity risk stress tests are carried out on a monthly basis. Emergency Funding Plan (Liquidity Contingency Plan) was created to regulate the procedures and principles for the bank to ensure and maintain sufficient liquidity level under stress conditions.

The ratios of the bank regarding the liquidity risk are well above the legal limits. The Bank keeps the liquidity buffer at high levels, taking into account the periods when liquidity risk may increase. Due to this approach, it was evaluated that the negative effects of the global COVID-19 epidemic did not have a significant effect on the liquidity need of the Bank.

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5.1 Information on risk capacity of the Group, Responsibilities and structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application

The applications and responsibilities related to the liquidity risk has been determied according to the Treasury Liquidity and Market Management Policies and Practices approved by Board of Directors. The Group's liquidity and funding policy is to own sufficient liquidity reserve and funding opportunities to meet its liabilities even in cases of stress, resulting from the market conditions or other conditions specific to the Bank.

The Group has a strong capital structure and is supported by its main shareholder is Kuwait Finance House; also its current and paticipation accounts are spread to the base and are stable, and its sources of foreign borrowing are diversified. Hence, by the virtue of the aforementioned facts, the Bank has a high risk capacity. In addition, the Liquidity Coverage Ratio of the Group which insures its cash outflows with the high-quality liquid assets is deemed high. The Bank also has limits available for use at Central Bank of Turkey and other financial institutions.

Indicators regarding the liquidity position are analyzed and liquidity risk is evaluated at the ALCO meetings attended by the senior management. Furthermore, the Board of Directors are informed through the Audit Committee.

For the management of liquidity risk, the Risk Management Department follows the funding and liquidity risks, market conditions, in the participating accounts, the distribution of different currencies, maturity, cost and expected future cash flow requirements (particularly with regard to large deposits). Reports on the liquidity gap analysis prepared weekly by Budget and Management Reporting and monitored by the Asset and Liability Committee. These units also estimate the possible liquidity needs of the Group in case of urgent situations and generate action plans based on these estimates. Risk Management Department follows the limits on liquidity risk determined by the Board of Directors. Risk Management Department, in addition to these, is implementing monthly liquidity stress tests to measure the effects of negative scenarios on liquidity position of the Group. The Treasury Group Managemant manages the liquidity risk and funding risk in order to prevent insufficiencies of funding relating to any time or any source and makes reports related with the liquidity position to Asset and Liability Committee regularly. Official and International Reporting Directorate tracks the liquidity coverage ratio and the results are reported to the BRSA.

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5.2. Information on the centralization degree of liquidity management and funding strategy and the functioning between the Group and the Group's subsidiaries

The Group's liquidity management is performed by the Asset and Liability Management. Depending on the Parent Bank's consolidated subsidiaries are subject to liquidity risk is managed in-house, but the necessary communication and coordination within the Assistant General Manager in charge of Treasury and International Banking are provided.

5.3 Information on the Group's funding strategy including the policies on funding types and variety of maturities

Group spread to the base of current and partipication accounts and that a stable, long-term diversification and aims to be the source of the funds used. Ratio of liquid assets to total assets ratio and risk indicators related to liquidity, credit and the ratio of funds, issues such as the concentration in collected funds are being closely monitored.

5.4 Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Groups's total liabilities

Almost all liabilities of the Group are denominated in Turkish Lira, American Dollar, Euro or Gold. The TL denominated liquidity of the Group is managed through the open market transactions implemented by the Central Bank of the Turkish Republic and interbank operations. Liabilites denominated in TL are used in order to fund assets that are denominated in TL, assets denominated in TL are generated through foreign exchange based funds with swap operations if necessary. Foreign currency funds are provided with the foreign sourced credits denominated in foreign currency and sukuk-financial certificates issued. Liquidity denominated in foreign currency is kept at the interbank operations and accounts of the corresponding bonds within the limits. Liabilities denominated in Gold are kept at the required reserve accounts of the Central Bank of the Turkish substantialy.

5.5. Information on liquidity risk mitigation techniques

Liquidity risk is mitigated by using techniques such as maintaining high quality liquid asset buffer to cover possible fund outflows, diversification of funding sources so far as possible and inclusion to the base, homogenizing the maturity distribution of repayments as far as possible, obtaining limits from funding institutions to use when necessary and ensuring that a determined portion of funding sources are comprised of deposits. In addition, core deposit analysis is performed and concentration on collected funds are closely monitored.

5.6. Information on the use of stress tests

In order to analyze the source of the possible liquidity insufficiencies and whether comformably move exists on existing off-balance sheet and balance sheet positions relavant with liquidity risk expectation, 3 types liquidity stress tests are applied by Risk Management Directorate. These includes stress test scenarios are special to the Group, related with the overall market or scenarios take in consideration both of the situations. Stress tests telated with liquidity risk are repeated at monthly periods. Results are tracked with key risk indicators and monitored by Senior Management.

5.7. General information about the contingency funding plan

Necessary strategy and procedures for the management of possible liquidity crisis are determined with the Contingency Funding Plan, which is approved and reviewed every year by the Executive Risk Committee. The actions to be taken favor the benefits of depositors, creditors of the Bank and shareholders. Indicators of Contingency Funding Plan were determined, in case of unexpected progress at the liquidity situation occur or at situations trigger of other indicators, plan is put into use. After Liquidity Contingency Plan is put into use, Liquidity Contingency Management Commitee is responsible from the determination of actions to be taken.

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5.8 Analysis of financial liabilities by remaining contractual maturities

The following table is prepared before the Group's liabilities are undiscounted and based on the earliest date to the payment. Adjustment column shows the items that give rise to probable cash exit according to contractual terms at later period. The items that are mentioned are included the maturity analysis however they are not included in the balance sheet value of financial liabilities at the balance sheet.

	Up to 1 month	1-3 month	3-12 months	1-5 years	Above 5 years	Total	Adjustments	Balance Sheet Value
31 December 2021								
Funds Collected	198,990,478	12,844,375	8,754,151	1,363,777	5,101	221,957,882	-	221,957,882
Other Fundings	145,384	1,021,332	1,096,848	7,617,647	5,355,148	15,236,359	(3,511,881)	11,724,478
Debts from lease transaction	15,461	26,669	106,080	351,803	81,153	581,166	(171,713)	409,453
Securities issued	2,209,487	1,489,930	-	-	-	3,699,417	(67,243)	3,632,174
Funds from repo transaction	6,505,472	-	-	-	-	6,505,472	(10,335)	6,495,137
Total	**207,866,282**	**15,382,306**	**9,957,079**	**9,333,227**	**5,441,402**	**247,980,296**	**(3,761,172)**	**244,219,124**
31 December 2020								
Funds Collected(*)	114,170,245	6,715,547	4,946,413	848,336	14,020	126,694,561	-	126,694,561
Other Fundings	1,610,468	146,860	2,709,958	4,548,423	2,694,681	11,710,390	(1,915,804)	9,794,586
Debts from lease transaction	14,440	24,612	98,136	183,852	28,254	349,294	-	349,294
Securities issued	1,141,578	881,784	3,796,075	-	-	5,819,437	(660,164)	5,159,273
Funds from repo transaction	185,613	-	-	-	-	185,613	(388)	185,225
Total	**117,122,344**	**7,768,803**	**11,550,582**	**5,580,611**	**2,736,955**	**144,759,295**	**(2,576,356)**	**142,182,939**

Maturity analysis for guarantees and contingencies

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Unallocated	Total
31 December 2021								
Letters of Guarantee	5,943,716	150,932	753,786	3,141,516	1,741,609	107,255	-	11,838,814
Bills of Exchange and Bank Acceptances	11,063	28,513	43,712	30,395	-	-	-	113,683
Letters of Credit	1,312,914	483,662	1,094,602	1,409,737	220,205	-	-	4,521,120
Other guarantees	868,813	-	4,908	32,646	5,890	-	-	912,257
Pre-financings given as guarantee	-	-	-	-	-	-	-	-
Total	**8,136,506**	**663,107**	**1,897,008**	**4,614,294**	**1,967,704**	**107,255**	**-**	**17,385,874**
31 December 2020								
Letters of Guarantee	4,637,690	132,884	594,287	2,651,575	1,509,732	62,465	-	9,588,633
Bills of Exchange and Bank Acceptances	2,088	15,514	21,830	1,564	-	-	-	40,996
Letters of Credit	468,566	246,461	476,051	427,027	66,917	-	-	1,685,022
Other guarantees	464,044	1,820	1,984	65,962	8,336	4,536	-	546,682
Pre-financings given as guarantee	-	-	-	-	-	-	-	-
Total	**5,572,388**	**396,679**	**1,094,152**	**3,146,128**	**1,584,985**	**67,001**	**-**	**11,861,333**

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Contractual maturity analysis of derivative instruments

31 December 2021	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Derivatives financial assets held for trading						
Foreign exchange derivatives:						
Entry	21,499,096	11,714,093	2,172,566	1,507,265	-	36,893,020
Exit	21,133,880	11,666,551	2,028,973	887,348	-	35,716,752
Hedging purposes financial assets						
Foreign exchange derivatives						
Entry	-	-	-	-	-	-
Exit	-	-	-	-	-	-
Total Cash Inflow	**21,499,096**	**11,714,093**	**2,172,566**	**1,507,265**	**-**	**36,893,020**
Total Cash Outflow	**21,133,880**	**11,666,551**	**2,028,973**	**887,348**	**-**	**35,716,752**

31 December 2020						
Derivatives financial assets held for trading						
Foreign exchange derivatives:						
Entry	19,446,342	26,065,934	845,511	990,716	-	47,348,503
Exit	20,158,833	27,145,532	790,854	905,607	-	49,000,826
Hedging purposes financial assets						
Foreign exchange derivatives	-	-	-	-	-	-
Entry	-	-	-	-	-	-
Exit	-	-	-	-	-	-
Total Cash Inflow	**19,446,342**	**26,065,934**	**845,511**	**990,716**	**-**	**47,348,503**
Total Cash Outflow	**20,158,833**	**27,145,532**	**790,854**	**905,607**	**-**	**49,000,826**

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5.9 Liquidity coverage ratio

	Current Period	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	64,936,772	52,416,818	62,919,223	50,399,269
CASH OUTFLOWS			-	-	-
2	Retail deposits and deposits from small business customers, of which:	68,880,158	15,157,013	6,612,422	1,647,541
3	Stable deposits	15,782,818	-	857,744	-
4	Less stable deposits	53,097,340	15,157,013	5,754,678	1,647,541
5	Unsecured wholesale funding, of which:	42,839,618	33,599,404	26,050,311	20,955,633
6	Operational deposits	-	-	-	-
7	Non-operational deposits	30,292,008	22,666,483	13,502,701	10,022,712
8	Unsecured funding	12,547,610	10,932,921	12,547,610	10,932,921
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	29,307,494	27,424,727	29,307,494	27,424,727
11	Outflows related to derivative exposures and other collateral requirements	29,225,451	27,424,727	29,225,451	27,424,727
12	Outflows related to restructured financial Instruments	82,043	-	82,043	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	20,634,803	6,315,493	2,008,144	371,179
16	**TOTAL CASH OUTFLOWS**	-	-	63,978,371	50,399,080
CASH INFLOWS			-	-	-
17	Secured receivables	-	-	-	-
18	Unsecured receivables	31,030,251	18,570,377	23,653,369	16,915,639
19	Other cash inflows	30,032,712	26,177,091	30,032,712	26,177,091
20	**TOTAL CASH INFLOWS**	**61,062,963**	**44,747,468**	**53,686,081**	**43,092,730**
				Upper Limit Applied Value	
21	**TOTAL HQLA**			62,919,223	50,399,269
22	**TOTAL NET CASH OUTFLOWS**			15,994,593	12,599,770
23	**LIQUIDITY COVERAGE RATIO (%)**			393.38	400.00

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

The table below presents highest, lowest and average liquidity coverage ratios for the last 3 months of 2021:

	Highest	Date	Lowest	Date	Average
TL+FC	465.04	07/10/2021	348.31	07/12/2021	398.48
FC	470.80	07/07/2021	292.07	07/09/2021	402.87

The liquidity coverage rate is calculated by the proportion of high quality liquid assets held by the bank to its one month maturity cash outflows. Important balance sheet items that determine the rate; Compulsory provisions held by the CBRT, repo / non-repurchase securities, institutional qualified participation accounts, funds from abroad and receivables from banks. These items have more impact on the liquidity coverage ratio than the liquidity assets and net cash outflows, because they have a high share of the current cointegration, high concentration and variability over time.

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Liquidity risk management and liquidity coverage ratio (continued)

	Prior Period	Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	39,648,579	25,901,529	38,662,197	24,915,147
CASH OUTFLOWS		-	-	-	-
2	Retail deposits and deposits from small business customers, of which:	55,219,940	16,267,567	4,911,996	1,626,757
3	Stable deposits	12,199,949	-	609,997	-
4	Less stable deposits	43,019,991	16,267,567	4,301,999	1,626,757
5	Unsecured wholesale funding, of which:	26,153,465	19,781,632	15,278,159	11,939,524
6	Operational deposits	-	-	-	-
7	Non-operational deposits	19,089,094	13,698,769	8,157,205	5,800,167
8	Unsecured funding	7,064,371	6,082,863	7,120,954	6,139,357
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	26,571,971	16,568,126	26,565,022	16,566,735
11	Outflows related to derivative exposures and other collateral requirements	26,566,415	16,568,126	26,565,022	16,566,735
12	Outflows related to restructured financial Instruments	5,556	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	17,403,730	4,719,856	1,534,567	239,311
16	**TOTAL CASH OUTFLOWS**	-	-	48,289,744	30,372,327
CASH INFLOWS		-	-	-	-
17	Secured receivables	-	-	-	-
18	Unsecured receivables	20,624,936	12,432,686	16,488,161	11,906,245
19	Other cash inflows	26,782,067	26,152,418	26,779,564	26,149,915
20	**TOTAL CASH INFLOWS**	**47,407,003**	**38,585,104**	**43,267,725**	**38,056,160**
				Upper Limit Applied Value	
21	**TOTAL HQLA**			38,662,197	24,915,147
22	**TOTAL NET CASH OUTFLOWS**			12,072,436	7,593,082
23	**LIQUIDITY COVERAGE RATIO (%)**			320.25	328.13

(*) The average of the calculated liquidity coverage ratio for the last three months based on the monthly simple arithmetic average

The table below presents highest, lowest and average liquidity coverage ratios for the last 3 months of 2020:

Prior Period

	Highest	Date	Lowest	Date	Average
TL+FC	366.55	31/12/2020	298.64	21/11/2020	323.32
FC	399.18	31/12/2020	301.60	14/11/2020	332.10

The liquidity coverage ratio is calculated by the ratio of the high quality liquid assets of the parent bank to the net cash outflows within the one-month maturity window. Important balance sheet items which are influential over the aforementioned ratio may be specified as required reserves held in the presence of TC Central Bank, securities not subject to repo/assurance, institutional qualified participation accounts, funds of foreign origins and receivables from banks. These items have a higher influence over the liquidity coverage ratio as their amounts have a higher share of liquid assets and net cash outflows, their consideration rate is higher and they may show variability over time.

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Presentation of assets and liabilities according to their remaining maturities

Current period	Demand	Up to 1 month	1-3 Months	3-12 months	1-5 Years	Over 5 years	Unallocated (***)	Total
Assets								
Cash (cash in vault, effectives, cash in transit, Cheques purchased) and balances with the Central Bank of the Republic of Turkey	30,768,750	36,205,529	-	-	-	-	(3,015)	66,971,264
Banks (*)	15,354,846	-	719,577	26,930	-	-	-	16,101,353
Financial assets at fair value through profit and loss	-	94,360	977,846	617,933	11,000,080	-	249,882	12,940,101
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	6,792,401	3,580,549	3,600,071	17,927,254	-	171,487	32,071,762
Loans (**)	-	10,611,006	17,669,587	44,625,413	49,634,157	6,111,676	(5,528,316)	123,123,523
Loans measured at amortised cost	-	-	4,537,512	204,090	597,524	596,423	(621)	5,934,928
Other assets (***)	2,716,875	1,167,673	4,215	-	1,882,944	-	4,379,556	10,151,263
Total assets	**48,840,471**	**54,870,969**	**27,489,286**	**49,074,437**	**81,041,959**	**6,708,099**	**(731,027)**	**267,294,194**
Liabilities								
Current account and funds collected from banks via participation accounts	1,978,942	23	-	-	-	-	-	1,978,965
Current and profit sharing accounts	132,023,986	64,987,527	12,844,375	8,754,151	1,363,777	5,101	-	219,978,917
Funds provided from other financial institutions	-	23,699	1,794,476	650,887	4,599,053	4,656,363	-	11,724,478
Money market borrowings	-	6,495,137	-	-	-	-	-	6,495,137
Marketable securities issued	-	2,193,429	1,438,745	-	-	-	-	3,632,174
Miscellaneous payables	2,458,969	244,814	-	-	-	-	-	2,703,783
Other Liabilities (****)	-	2,358,400	1,362,066	135,380	198,459	29,415	16,697,020	20,780,740
Total Liabilities	**136,461,897**	**76,303,029**	**17,439,662**	**9,540,418**	**6,161,289**	**4,690,879**	**16,697,020**	**267,294,194**
Net liquidity gap	(87,621,426)	(21,432,060	10,049,624	39,534,019	74,880,670	2,017,220	(17,428,047)	-
Prior period								
Total assets	20,556,136	30,061,101	19,722,362	29,894,129	52,673,745	4,907,794	381,846	158,197,113
Total liabilities	75,029,738	44,542,867	12,108,080	10,641,824	4,078,713	42,275	11,753,616	158,197,113
Net liquidity gap	(54,473,602)	(14,481,766)	7,614,282	19,252,305	48,595,032	4,865,519	(11,371,770)	-

(*) Expected losses are netted off with provision.
(**) Includes receivables from leasing transactions and presented with netting off with the expected credit loss.
(***) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, investments in associates and subsidiaries, stationary supplies and prepaid expenses are included under unallocated assets.
(****) The unallocated other liabilities consist of equity and provisions balances.

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6. Explanations on consolidated leverage ratio

6.1 Disclosure of leverage ratio template

The leverage ratio table prepared in accordance with the communiqué "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette no. 28812 dated 5 November 2013 is presented below.

	On-balance sheet assets (*)	***Current Period***	***Prior Period***
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	242,597,555	160,626,497
2	(Assets deducted in determining Tier I Capital)	(592,935)	(478,778)
3	Total on-balance sheet risks (sum of lines 1 and 2)	242,004,620	160,147,719
	Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative instruments and credit derivatives	1,374,232	629,764
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	624,826	482,894
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	1,999,058	1,112,658
	Securities or commodity financing transactions (SCFT)		
7	Risks from SCFT assets (excluding on-balance sheet)	2,231,136	2,119,201
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	2,231,136	2,119,201
	Other off-balance sheet transactions		
10	Gross notional amounts of off-balance sheet transactions	80,445,071	69,537,344
11	(Adjustments for conversion to credit equivalent amounts)	(44,108,586)	(42,998,895)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	36,336,485	26,538,449
	Capital and total risks		
13	Tier I Capital	13,397,322	9,567,064
14	Total risks (sum of lines 3, 6, 9 and 12)	282,571,299	189,918,027
	Leverage ratio		
15	Leverage ratio	4.76	5.04

(*) Amounts in the table are three-month average amounts.

The leverage ratio calculated on the basis of the arithmetic average of the the amounts realized at the end of each month for the past three-month period as of the Group's consolidated balance sheet date was 4.76% (31 December 2020 – 5.04%). The main reason for the changes from the previous period is that the increase in the items related to the finance transactions secured by securitisation instruments and goods is higher compared to the increase in other items. Therefore, the core capital increased by 40% due to the profit for the period, balance-sheet risks increased by 51%, and off-balance sheet items increased by 37%. Accordingly, the leverage ratio of the current period compared to the previous year shows a decrease of 28 basis points.

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7. Explanations on consolidated fair values of financial assets and liabilities

The table summarizes the book value and fair value of the financial assets and liabilities that were not accounted by the values in Group's financial statements. Book value is the sum of the acquisition value and accumulated profit share accruals.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial assets				
Banks	16,104,368	7,370,553	16,104,368	7,370,553
Financial Assets at Fair Value Through Other Comprehensive Income	32,071,762	20,723,085	32,071,762	20,723,085
Financial Assets Aalued at Amortised Cost	5,935,549	6,499,810	5,932,941	6,512,551
Loans and Lease Receivables	128,644,734	80,077,369	127,500,496	78,598,461
Financial liabilities				
Current account and funds collected from banks via participation accounts.	1,978,965	843,686	1,978,965	843,686
Other current and profit sharing accounts	219,978,917	125,850,875	219,978,917	125,850,875
Money market borrowings	6,495,137	185,225	6,488,859	185,000
Funds provided from other financial institutions	11,724,478	9,794,586	11,528,956	10,728,442
Issued securities	3,632,174	5,159,273	3,554,920	5,222,499
Other Liabilities	4,839,114	2,193,882	4,839,114	2,193,882
Leasing payables	409,453	349,294	409,453	349,294

The estimated fair value of the loans is calculated by discounting future cash flows by using current market rates of profit share. The fair value of financial assets and liabilities carried at amortized cost other than loans, available for sales financial assets and funds provided from other financial institutions approximates to their book values since they are short term in nature and their effective profit share rates are similar with current effective profit rates.

8. Explanations on the activities carried out on behalf and account of other persons

The Group does not perform purchases, sales and custody services in the name of others. The Group has no fiduciary based transactions.

9. Explanations on hedge accounting practices

None (31 December 2020 – None).

10. Explanations on consolidated risk management

Risk Management System refers to the Board of Directors, the Audit Committee, the Risk Management Committee, Asset-Liability Committee ("ALCO") and the Risk Management Department ("RMD") which has been composed in order to manage systemic risks that the Parent Bank is exposed. The Board of Directors is the owner of the Parent Bank's Risk Management System and ensures the establishment of an effective, sufficient and appropriate risk management system as well as the continuity of the system. The main objective of the Parent Bank's Risk Management System is to identify, measure, monitor and control the risks that the Bank is exposed to, by determining the policies, limits and procedures to control, to monitor, and if necessary to change the risk-return structure of the Bank's future cash flows and the level & the quality of related activities.

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10.1. Explanations on Risk Management and Risk Weighted Amounts

10.1.1. GBA – Bank's risk management approach

What kind of an interaction does the Parent Bank's risk profile has with the management board's risk appetize and how does the business model determine the Parent Bank's risk profile and how it interacts with it (i.e. Key risks regarding the business model and each one of these risks' effect on the explanations);

Kuveyt Türk's business model fundamentally consisted of two main operating areas. These main areas are current accounts in accordance with the non-interest banking rules, collecting funds through profit/loss participation accounts and providing the usage of funds to its cilents through these funds and equity. The business model of the Bank occurs an exposure of some significant risks. These significant risks are evaluated and identified by the Parent Bank's Internal Capital Competence Evaluation Process. Parent Bank's risk strategy for all significant risks is formed in writing. Parent Banks are required to form a structure which is composed of the policies and processes regarding determining the risk appetite and following it's units' compliance because of the regulation regarding the Parent Banks Internal Systems and Internal Capital Competence Evaluation Process, numbered 29057 and published by the Official Gazette on 11 July 2014. In order to comply with this regulation Risk Appetite Policy is published by the Risk Management Leadership and approved by the Board of Directors. In accordance with the Parent Bank's Risk Appetite Policy, risk levels and risk limits of each kind of risks which appeared important are collectively determined to achieve the Parent Bank's goals and to actualize the Parent Bank's strategies by taking the risk capacity of the Parent Bank into consideration. Bank's risk strategy and risk limits are determined by the Board of Directors.

The units which perform the risk measurement and management are carrying out their businesses independently from execution units. Fundamentally, control and management activities devoted to credit, market, liquidity, operational and other significant risk types are occurred. Due to the business model, Risk Management Leadership strategically contribute to the Parent Bank to identify, follow, measure and manage all risks which the Parent Bank may expose. Credit Risk Management and Modelling unit which is one of the units which constitutes the Risk Management Leadership, carries out the risk measurement and management works regarding the credit risks. Market Risk, Operational Risk, Risk and Capital Planning Department which is another unit which carries out its businesses under the Risk Management Leadership, coordinates the Parent Bank's capital planning works and manage risks regarding the market, operations, liquidity and other important risk types.

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Parent Bank has a credit predominant active structure due to its main business model. Reflecting the Bank's business model, total actives, predominantly consisted of dues regarding receivables from leasing and cash loans. The Parent Bank predominantly aims to grow sustainably by funding the real sector's financing and increasing the credit amount by taking the risk-return balance into the consideration. Within the frame of its business model, the main risk type which the Parent Bank exposed/predicts to be exposed damage is credit risk. The significant risks within the scope of Parent Bank's credit risks are as follows;

- Credit Risk states the possibility of loan loss which the Parent Bank may expose due to the the partial or total nonpayment of its credit client on time in accordance with the contract made between the credit client and the Bank.
- Counterparty credit risk refers to the defaut risk of the counterparty of the transaction before the last payment in the cash flow of this transaction of which brings on obligation to both sides.
- Concentration risk covers risks arising from concentration between different types of risk or on an individual risk basis which may result in large losses that could threaten the Parent Bank's ability to maintain its core operations or its financial structure or which could cause significant changes in the Bank's risk profile.

The parent bank is exposed to market risk due to its treasury transactions and other financial operatings. However, correspondingly with the risk appetite, the bank takes care to ensure that its market risk-generating assets have high credit rating and liquidity, and it does not carry a speculative foreign exchange position in order to hedge foreign exchange risk.

The parent bank is exposed to operational risk due to its operatings, processes carried out, human resources, systems and external resources. Operational risks in the bank are managed under the supervision of the Board of Directors within the framework of identifying, evaluating, monitoring and reducing/controlling the risks. The current risk management is considered to be in line with the size of the bank, taking into account the level and importance of the risk.

Explanations on risk reporting processes provided to the board of directors and senior management, in particular the scope and main content of the reporting,

Timely and comprehensive reporting of risks exposed within the scope of Risk management activities and risks arising from transactions carried out with the risk group of the Parent Bank is carried out by the head of Risk Management. The Parent Bank produces regular reports from the risk measurement models it uses and analyzes the reports. Risk measurement and risk monitoring results are reported to the Board of directors or to the Risk Committee and senior management regularly and on time by the Risk Management Presidency.

The reports prepared include the level and development of significant risks and their effects on capital needs, the compliance of assumptions used in risk measurement and evaluation systems, the adequacy of the level of capital that the parent bank should hold for all important risks, its compliance with legal and internal capital targets and ratios, the need for future capital and changes to be made in, business continuity plans, etc. includes information.

The parent bank organizes a report on risk measurement, capital and liquidity planning and risk management capabilities under the scope of ICAAP at least once a year and in any case as of the end of the year.

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10.1.2. Overview of risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period 31/12/2021	Prior Period 31/12/2020	Current Period 31/12/2021
1	Credit risk (excluding counterparty credit risk) (CCR)	71,764,319	51,904,896	5,741,146
2	Standardised approach (SA)	71,783,798	51,923,351	5,742,704
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	659,413	244,931	52,753
5	Standardised approach for counterpary credit risk (SA-CCR)	659,413	244,931	52,753
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal model's equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	19,479	18,455	1,558
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% risk weighting Approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB supervisory formula approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	5,574,076	3,838,461	445,926
17	Standardised approach (SA)	5,574,076	3,838,461	445,926
18	Internal model approaches (IMM)	-	-	-
19	Operational risk	11,336,427	7,606,341	906,914
20	Basic indicator approach	11,336,427	7,606,341	906,914
21	Standardised approach			
22	Advanced measurement approach			
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)			
24	Floor adjustment			
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**89,353,714**	**63,613,084**	**7,148,297**

10.1.3. Differences and matching between asset and liabilities' carrying values in financial statements and in capital adequacy calculation

Current Period	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards					
		Carrying values in legal consolidation prepared as per TAS	Credit Risk	Counterparty Credit Risk	Securization Positions	Market Risk	No subject to capital requirements or subject to deducation from capital
Asset							
Cash and Balances with Central Bank of Turkey	66,974,279	66,974,279	66,974,279	-	-	-	-
Banks	16,104,368	16,104,368	16,104,368	-	-	-	-
Receivables From Money Markets	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Profit and Loss	12,940,101	12,940,101	-	-	-	12,940,101	-
Financial Assets at Fair Value Through OCI	32,071,762	32,071,762	32,071,762	-	-	-	-
Financial Assets Measured at Amortised Cost	5,935,549	5,935,549	5,935,549	-	-	-	-
Derivative Financial Assets	1,398,784	1,398,784	-	1,398,784	-	-	-
Expected Loss Provisions (-)	8,610,377	8,610,377	2,788,381	-	-	-	5,821,996
Loans	119,801,314	119,801,314	120,021,246	-	-	-	-
Lease Receivables	11,925,935	11,925,935	11,925,935	-	-	-	-
Factoring Receivables	-	-	-	-	-	-	-
Property And Equipment Held For Sale Purpose And Related To Discontinued Operations (Net)	240,891	240,891	240,891	-	-	-	-
Subsidiaries	23,680	23,680	23,680	-	-	-	-
Jointly Controlled Entities (Joint Ventures) (Net)	89,258	89,258	89,258	-	-	-	-
Tangible Assets (Net)	1,084,542	1,084,542	1,084,542	-	-	-	73,968
Intangible Assets (Net)	362,184	362,184	362,184	-	-	-	347,516
Investment Properties (Net)	63,598	63,598	63,598	-	-	-	-
Current Tax Asset	-	-	-	-	-	-	-
Deferred Tax Asset	1,882,944	1,882,944	1,882,944	-	-	-	-
Other Assets	5,005,382	5,005,382	5,005,382	-	-	-	-
Total Assets	**267,294,194**	**267,294,194**	**258,997,237**	**1,398,784**	**-**	**12,940,101**	**(5,400,512)**
Liabilities							
Funds Collected	221,957,882	221,957,882	-	-	-	-	221,957,882
Borrowings	3,623,982	3,623,982	-	-	-	-	3,623,982
Debt to money markets	6,495,137	6,495,137	-	6,495,137	-	-	-
Securities Issued (Net)	3,632,174	3,632,174	-	-	-	-	3,632,174
Financial Liabilities at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Derivative Financial Liabilities	257,764	257,764	-	-	-	-	257,764
Lease Payables	409,453	409,453	-	-	-	-	409,453
Provisions	5,207,331	5,207,331	-	-	-	-	5,207,331
Current Tax Liabilities	1,282,020	1,282,020	-	-	-	-	1,282,020
Deferred Tac Liabilities	-	-	-	-	-	-	-
Subordinated Debt Instruments	8,100,496	8,100,496	-	-	-	-	8,100,496
Other Liabilities	4,839,114	4,839,114	-	-	-	-	4,839,114
Equity	11,488,841	11,488,841	-	-	-	-	11,488,841
Total Liabilities	**267,294,194**	**267,294,194**	**-**	**6,495,137**	**-**	**-**	**260,799,057**

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10.1.4 Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	Total	Items subject to credit risk framework	Items subject to securitisation framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
1- Carrying Value of Assets in Accordance with TAS (as in template 1B)	267,294,194	258,997,237	-	1,398,784	12,940,101
2- Carrying Value of Liabilities in Accordance with TAS (as in template 1B)	-	-	-	6,495,137	-
3- Total net amount	267,294,194	258,997,237	-	7,893,921	12,940,101
4- Off-balance sheet amounts	156,945,618	7,600,941	-	1,525,759	72,401,233
5- Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7- Differences due to consideration of provisions	-	-	-	-	-
8- Differences due to prudential filters	-	(78,157,861)	-	-	-
9-Risk Amounts	**424,239,812**	**188,440,317**	**-**	**9,419,680**	**85,341,334**

10.2. General qualitative information on credit risk

10.2.1. How the business model translates into the components of the group's credit risk profile

The business model of the Group basically consists of two main business fields: collecting funds by means of current accounts and profit/loss participation accounts subject to the interest-free banking rules and using those funds and equity funds to make funds available to customers. Because of these main business fields, the group's assets have a credit-weighted structure. Reflecting this business model, its total assets are cash credit-weighted and financial leasing receivable-weighted. The group lends funds to finance the real sector in general and increases its volume of credits by taking into account its risk-return balance to achieve sustainable growth.

The risk profile of the Group indicates the types of risks to which it is exposed or expects to be exposed, and its risk level by type of risk. The largest type of risk to which the Group is exposed or expects to be exposed within its current and target business model is the credit risk. Since the risk of concentration is one of the most important components of the credit risk, concentration limits were set by sector for the concentration risk. Internal limits are set for cash, non-cash and total credits for each of 20 different sectors. Limits were set for monitoring Defaulted Credit Exposures in mentioned sectors and for taking corrective measures. With regard to concentration of the credit risk, internal limits were set for the top 10, 20, 30, 40, 50 and 100 debtor/credit risk groups. Furthermore, country limits were set to avoid concentration in countries selected as part of the sovereign risk process.

10.2.2. Criteria and approach used for defining credit risk policy and for setting credit risk limits

The main purpose of the credit risk policy are to measure the counterparty risk undertaken as part of a credit transaction, to monitor the risk against the legal limits and the Bank's internal limits, to research new techniques and applications for measuring and controlling the risk, to monitor overdue receivables, to analyze the reason of overdue, and to take measures to prevent such reasons from repeating. The term 'credit risk' refers to the potential loss the Bank might be exposed to because of credit borrowers' partial or full default of the credit agreements they signed with the bank. This term also includes the loss of market value because of the breakdown of the counterparty's financial position. This term includes both on-balance sheet and off-balance sheet transactions.

Risk limits are set by openly relating it with the Bank's volume on consolidated and non-consolidated basis within the financial system as part of its risk appetite structure. In this context the appetite for risk approved by the Board of Directors are divided between and allocated to other levels considered necessary by type of risk. The uses of the limits are closely monitored, and overdrafts are reported to the executive management for ensuring the necessary measures to be taken.

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10.3. Structure and organization of the credit risk management and control function

Risk Control and Compliance Group works under the Risk Committee reporting to the Board of Directors. Risk Control and Compliance Group Manager and Risk Management Department Manager working under the former are in charge of and responsible for the strategies and policies approved by the Board of Directors and for performing the other tasks assigned by the Risk Committee. Credit Risk Management and Modeling Unit is one of the units comprising the Risk Management Department performs the risk measurement and management tasks concerning the credit risk.

10.4. Relations between the credit risk management, risk control, compliance and internal audit functions

The units within the scope of internal systems have been established within the organizational structure of the Parent Bank depending on the Board of Directors. The Board of Directors has transferred its duties and responsibilities related to risk management, internal control and compliance to the Risk Committee consisting of three members of the board of directors. The Risk Management Department, the Internal Control Department and the Compliance Department carry out their activities under the supervision and coordination of the Risk Committee. The Board of Directors carries out its duties and responsibilities related to internal audit through the Audit Committee, which consists of three members of the Board of Directors. The Chairman of the Board of Inspectors performs internal audit activities under the supervision and coordination of the Audit Committee.

The internal control function of the Parent Bank is performed by the Internal Control Department. Internal Control System has been founded in such a manner to be capable and efficient to mitigate, manage, monitor and control the exposure risks of the Parent Bank in accordance with the Parent Bank's organizational structure and business fields as well as changing circumstances, and covers all domestic and international branches, head office, consolidated subsidiaries and all business activities of the Parent Bank. The internal control system and internal control activities of the Parent Bank are designed by the Internal Control Department in cooperation with the relevant management executives and are performed at a sufficient and efficient extent.

Compliance Department is in charge of managing the Parent Bank's compliance risk and taking it under control in an efficient way, forecasting and preventing the risk in question, and ensuring the Parent Bank's activities to comply with the applicable laws and regulations.

Risk Management Department performs the tasks of determining, measuring and managing the exposure risks of the Parent Bank. An efficient risk management system infrastructure has been established for credit risk management tasks, credit policy, and risk management activities falling within the credit risk policy. The internal credit risk limits set by the Board of Directors are measured and reported at regular intervals to the Risk Committee.

Audit Department is in charge of assuring the Board of Directors and the executive management that the Parent Bank's business activities are performed in accordance with the Banking Law, other applicable laws and regulations and the internal strategies, policies, principles and targets of the bank, and that the internal control and risk management systems are efficient and sufficient.

10.5. Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the Board of Directors

Risk Management Report for the Executive Management, which is the basic report presented to the Board of Directors and the executive management, is prepared quarterly. The report in question contains the basic subjects described below.

Quality of the assets are analyzed in accordance with the classification specified in the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside and the assets are compared with those of the previous fiscal period to monitor the sustainability of the asset quality. The report describes the credit risk limits and the figures realized in the relevant fiscal period. Credits lent in 20 different economic sectors are monitored by cash, non-cash and total credits.

Credit shares and development trends of the economic sectors are monitored. The risk limits set in accordance with the Parent Bank's appetite for risk and the figures realized are explained. Observed key risk indicators include the ratio of credit risk-weighted items over the total assets, the ratio of the total gross amount of defaulted credits over the total financing (cash credits) portfolio and their distribution by sector, distribution of guarantees by guarantee group, the ratio of the top 10/20/30/40/50/100 risks over the total financing (cash and non-cash credits) portfolio, and the ratio of write-off.

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Distribution of cash credits by maturity term is monitored. Detailed information is given about the top 10 customers against whom internal or legal proceedings were filed, their limits, risks, guarantees and provisions, description of their sectors and their state are described. The trend of restructured credits is monitored. Also, loans to risk group of the Parent Bank are reported.

Sovereign ratings, limits and used limits are monitored and compared with the previous fiscal year.

The Parent Bank creates credit portfolios in accordance with its internal segment structure. These segments are divided into sub-segments. Risks realized for cash, non-cash and total credits are monitored by each of these portfolios.

Real estate price indexes are analyzed to monitor whether the values of the real estates received as guarantees for the funds lent have increased or decreased. These real estates are also monitored by subcategory in accordance with the classification of regions published by the Turkish Central Bank. They are also compared with the House Price Index of Turkey published by the Turkish Central Bank.

Credit quality of assets

Current Period		Gross amount valued as per TAS and presented in the financial statements prepared according to legal consolidation		Provisions / depreciation and impairment	Net amount
		Defaulted	Non-defaulted		
1	Loans	3,082,515	129,014,884	2,788,381	129,309,018
2	Debt securities	-	38,298,950	291,639	38,007,311
3	Off-balance sheet exposures (*)	527,586	30,379,913	522,426	30,385,073
4	**Total**	**3,610,101**	**197,693,747**	**3,602,446**	**197,701,402**

(*) Accruals of derivative transactions are presented as net amounts under impairments.

Prior Period		Gross amount valued as per TAS and presented in the financial statements prepared according to legal consolidation		Provisions / depreciation and impairment	Net amount
		Defaulted	Non-defaulted		
1	Loans	2,970,254	80,077,369	2,524,317	80,523,306
2	Debt securities	-	27,433,847	210,952	27,222,895
3	Off-balance sheet exposures (*)	451,980	19,952,357	439,754	19,964,583
4	**Total**	**3,422,234**	**127,463,573**	**3,175,023**	**127,710,784**

(*) Accruals of derivative transactions are presented as net amounts under impairments.

Changes in stock of defaulted loans and debt securities

		Current Period	Prior Period
1	Defaulted loans and debt securities at end of the previous reporting period	2,970,254	2,109,681
2	Loans and debt securities that have been defaulted since the last reporting period	1,376,194	1,638,811
3	Receivables back to non-defaulted status	-	-
4	Amounts written off	408,047	403,794
5	Other changes	(855,886)	(374,444)
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)(*)**	**3,082,515**	**2,970,254**

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10.6. Qualitative disclosures related to the credit quality of assets

10.6.1 Scope and definitions of "overdue" and "provision allocated" receivables for accounting purposes and the differences of definitions between "overdue" and "provision allocated", if any

Overdue receivables: Overdue receivables and provision allocated receivables are determined according to the Communique on Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves. Provision for receivables: All financial instruments other than those covered by TFRS 9 and whose fair value is reflected in the profit / loss.

10.6.2. The part of the overdue receivables (past 90 days) for which provision is not allocated and reasons for this application

All loans that have completed the delay process determined in accordance with the legal regulations within the relevant month in the Parent Bank are automatically taken into follow-up accounts and are subject to special provision. In very exceptional cases and due to a court decision, the delay process is stopped, and the Bank's loan amount in this context is insignificant as of December 31, 2021.

10.6.3. Definitions of the methods used when determining the provision amount

TFRS 9 requires a 12-month expected credit loss provision for all financial assets in Stage 1 and the expected credit loss for all other financial assets. 12-month expected credit loss represents the portion of the expected credit loss from probable default events within 12 months after the reporting date. Lifetime losses are losses from all possible default events during the expected life of the financial instrument after the reporting date. Lifetime refers to the maturity of the financial instrument. In non-maturity financial instruments, the bank calculates the behavioral maturity and uses this to calculate the expected loan loss. The ECLs are calculated at each instrument level by taking into account the projected cash flows, the PD (Probability of default), the LGD (Loss given default), the CCR (Credit Conversion Rate) and the discount rate. In small, very unimportant and unrated portfolios, the ECL can be estimated on a collective basis.

10.6.4. Definition of restructured receivables

The financial terms in existing financial difficulties may be amended to facilitate payment of the debt, and the original loan terms that were previously signed can be changed according to the borrower's new financing power and structure when the loan cannot be repaid or a potential non-repayment is encountered. In order for a loan to be considered as restructured, the debtor must be in financial difficulty and the debtor must be provided with the concession requirements for changing the loan conditions.

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10.6.5. Breakdown of exposures by geographical areas, industry and ageing

Distribution of cash receivables by sectors is as follows

Sector	Current Period – Cash Loan Amount	Prior Period – Cash Loan Amount
Individual	14,874,360	14,531,103
Other Services	8,771,465	4,853,895
Education	419,228	341,301
Real Estate and Brokerage	1,133,739	789,411
Financial Services	10,938,898	3,796,867
Food, Beverage, Tobacco	4,254,884	2,309,211
Government	1,915,895	1,658,117
Production	6,363,595	4,017,691
Construction (Commitment)	15,743,711	9,152,145
Construction (Build-and-sell)	5,110,897	4,227,056
Public Services (Electricity, Water & Gas)	9,207,506	4,714,626
Mining & Chemistry	7,440,687	4,213,394
Machinery Equipment	1,645,501	663,178
Automative	4,152,816	2,754,410
Oil, Gas and Oil Products	481,438	1,288,244
Health	2,080,281	1,449,528
Agriculture	776,903	494,186
Textile	10,747,052	5,637,005
Wholesale & Retail	21,442,487	13,813,184
Tourism	592,941	416,342
Transportation & Warehouse	3,632,965	1,926,729
Total	**131,727,249**	**83,047,623**

The distribution of cash receivables by geographical regions is as follows.

Region	Current Period – Cash Loan Amount	Prior Period – Cash Loan Amount
Akdeniz Region	8,885,628	5,664,298
Dogu Anadolu Region	1,992,872	1,580,628
Ege Region	5,796,850	5,077,225
Güneydogu Anadolu Region	7,766,209	4,585,283
Iç Anadolu Region	20,384,485	13,978,808
Karadeniz Region	3,334,466	2,581,377
Marmara Region	66,450,397	44,981,832
Foreign	17,116,342	4,598,172
Total	**131,727,249**	**83,047,623**

The maturity distribution of cash receivables is as follows.

Maturity Distribution	Current Period – Cash Loan Amount	Prior Period – Cash Loan Amount
1-3 years	59,544,343	30,628,127
3-5 years	35,736,437	25,110,861
5 years and more	20,970,367	13,461,570
Up to 1 year	14,413,860	12,460,525
Defaulted	1,062,242	1,386,540
Total	**131,727,249**	**83,047,623**

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10.6.6. Provisions based on geographical and sectoral concentration and written off amounts

Current Period - Sector	Non-Performing Loans	Specific Provisions	Write-Offs (*)
Agriculture	**33,900**	**30,204**	**16,621**
Farming and Stockbreeding	14,129	12,827	13,796
Forestry	19,771	17,377	2
Fishery	-	-	2,823
Manufacturing	**561,557**	**490,917**	**103,295**
Mining and Quarrying	155,218	140,135	15,618
Production	396,355	341,057	86,202
Electricity, Gas and Water	9,984	9,725	1,475
Construction	**1,187,755**	**1,107,079**	**112,898**
Services	**1,150,166**	**1,034,267**	**155,568**
Wholesale and Retail Trade	699,548	621,122	110,210
Accomodation and Dining	147,909	137,120	2,386
Transportation and Telecommunication	95,547	85,323	33,408
Financial Institutions	5,529	5,503	-
Real Estate and Rental Services	48,889	44,636	902
Professional Services	-	-	-
Educational Services	113,883	106,375	1,148
Health and Social Services	38,861	34,188	7,514
Other	**149,137**	**125,914**	**19,665**
TOTAL	**3,082,515**	**2,788,381**	**408,047**

Prior Period - Sector	Non-Performing Loans	Specific Provisions	Write-Offs
Agriculture	50,399	38,958	18,921
Farming and Stockbreeding	28,780	23,340	2,283
Forestry	18,341	12,340	16,638
Fishery	3,278	3,278	-
Manufacturing	**453,590**	**390,889**	**45,388**
Mining and Quarrying	62,382	53,334	6,621
Production	356,249	306,499	38,320
Electricity, Gas and Water	34,959	31,056	447
Construction	**1,288,690**	**1,135,664**	**86,652**
Services	**1,028,716**	**853,605**	**229,493**
Wholesale and Retail Trade	656,152	552,266	66,467
Accomodation and Dining	106,068	88,081	919
Transportation and Telecommunication	96,309	77,281	157,404
Financial Institutions	3,939	3,865	-
Real Estate and Rental Services	38,410	32,504	1,084
Professional Services	183	146	-
Educational Services	67,631	52,426	416
Health and Social Services	60,024	47,036	3,203
Other	**148,859**	**105,201**	**23,340**
TOTAL	**2,970,254**	**2,524,317**	**403,794**

(*) Refers to the loans worth TL 153,338 that were deleted in 2020, one hundered percent provisioned from non-performing loans and sold to an asset management company.

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Current Period - Geopraphic Region	Non-performing loans	Provisions	Write-Offs
Marmara Region	1,667,765	1,478,442	278,636
Güneydogu Anadolu Region	137,832	132,291	15,193
Iç Anadolu Region	824,963	768,159	38,553
Akdeniz Region	175,919	162,414	22,065
Ege Region	165,289	154,071	23,998
Dogu Anadolu Region	69,691	61,411	15,132
Karadeniz Region	33,950	31,107	4,209
Foreign	7,106	486	10,261
Total	**3,082,515**	**2,788,381**	**408,047**

Prior Period - Geopraphic Region	Non-performing loans	Provisions	Write-Offs (*)
Marmara Region	1,563,800	1,307,313	174,219
Güneydogu Anadolu Region	227,320	187,949	15,544
Iç Anadolu Region	755,803	683,200	23,859
Akdeniz Region	125,209	111,948	125,413
Ege Region	189,331	162,867	14,773
Dogu Anadolu Region	38,755	35,916	3,520
Karadeniz Region	34,373	28,682	3,481
Foreign	35,663	6,442	42,985
Total	**2,970,254**	**2,524,317**	**403,794**

(*) Includes loans deleted from assets in 2020 and the amount of TL 110,353 that has been reserved for 100% of non-performing loans and sold to an asset management company

10.6.7. Aging analysis for non-performing loans

Current period	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and Over
Corporate and Commercial Loans	258,271	264,114	2,135,269	229,408	89,846
Retail Loans	5,054	7,683	21,322	42,272	4,852
Credit cards	10,422	6,119	5,890	1,705	289
Other	-	-	-	-	-
Total	**273,747**	**277,916**	**2,162,481**	**273,385**	**94,987**

Prior Period	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and Over
Corporate and Commercial Loans	739,545	560,048	1,427,721	115,934	38,185
Retail Loans	5,039	15,922	41,077	7,062	1,322
Credit cards	2,567	6,888	7,820	855	269
Other	-	-	-	-	-
Total	**747,151**	**582,858**	**1,476,618**	**123,851**	**39,776**

10.6.8. Breakdown of Restructured receivables according to their provisions

Restruction Status	Current Period - Risk	Prior Period - Risk
Performing	3,257,703	2,624,343
Non-Performing	662,378	264,327
Total	**3,920,081**	**2,888,670**

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10.7. Credit Risk Mitigation

10.7.1 Qualitative information on Credit Risk Mitigation Techniques

Within the framework of the credit transactions carried out by the parent bank, all the collateral documents received in the presence of the branch personnel are checked by the branch operations staff and forwarded to the collateral follow-up Directorate through the main banking application. The systematic entries of the guarantees are completed by the personnel of the guarantee follow-up directorate where signature compliance, authorization checks and validity examinations are performed.

10.7.2 Credit risk mitigation techniques

	Current Period	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	86,871,005	35,189,340	3,119,489	7,248,673	5,915,414	-	-
2	Debt securities	38,007,311	-	-	-	-	-	-
3	**Total**	**124,878,316**	**35,189,340**	**3,119,489**	**7,248,673**	**5,915,414**	**-**	**-**
4	Overdue	81,507	168,958	13,189	43,669	27,132	-	-

	Prior Period	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	52,894,387	20,064,424	1,520,553	7,564,495	5,961,858	-	-
2	Debt securities	27,222,895	-	-	-	-	-	-
3	**Total**	**80,117,282**	**20,064,424**	**1,520,553**	**7,564,495**	**5,961,858**	**-**	**-**
4	Overdue	112,344	231,779	1,322	101,814	62,382	-	-

10.8. Explanations on Counterparty Credit Risk (CCR)

10.8.1. Risk management objectives and polices for CCR

Determination of the creditworthiness of financial counterparties has been made in addition to the Credit Policy of the Parent Bank in accordance with the regulations published by BRSA and the international practices in order to limit the exposure to be suffered by the Parent Bank in case of financial counterparty default. This annex describes allocation of limit to financial counterparties and continuous monitoring activities. In this respect, the creditworthiness assessments of the financial and non-financial entities for CCRs especially including sovereign assessments and limits are finally decided by the committees specified under the Policy.

10.8.2. The method used to allocate the operatioal limits defined in terms of internal capital for CCR and central counterparty risks

Internal model method is not used for calculating the capital requirements for counterparty credit risk and central counterparty risks.

10.8.3. Policies relating to guarantees and other risk mitigation and assessments concerning counterparty credit risk, including central counterparty risk

All of the Parent Bank's counterparty credit risk and central counterparty limits are non-committed limits and they include cash and non-cash limits. In case of any transactions involving non-cash risk exposure, the reassurance of the organizations such as International Development Banks is used. If required, cash collateral is sought in order to minimize the exposure. In case of transactions involving cash risk exposure, the risk exposure is mitigated by obtaining shares and bills (sukuk) as security.

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10.8.4. Rules with respect to wrong-way risk

Internal model is not used for CCR; and as such, no calculation is made with respect to the wrong-way risk.

10.8.5. The impact in terms of the amount of collateral that the bank is required to provide in case of a credit rating downgrade

In case of a decrease in the credit rating, there is no additional collateral amount that our parent bank has to provide.

10.8.6. Counterparty credit risk (CCR) approach analysis

	Current Period	Replacement Cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	Risk amount after credit risk mitigation	Risk weighted amounts
1	Standardised Approach CCR (for derivatives) (*)	1,042,314	483,445		1.4	1,525,759	640,761
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						
6	**Total**						**640,761**

	Prior Period	Replacement Cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	Risk amount after credit risk mitigation	Risk weighted amounts
1	Standardised Approach CCR (for derivatives) (*)	391,901	580,188		1.4	972,089	212,000
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						
6	**Total**						**212,000**

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10.8.7. Capital requirement for credit valuation adjustment (CVA)

		Current Period		Prior Period	
		Risk amount (after using credit risk mitigation techniques)	Risk weighted amounts	Risk amount (after using credit risk mitigation techniques)	Risk weighted amounts
Total portfolios subject to the Advanced CVA capital obligation					
1	(i) VaR component (including the 3×multiplier)				
2	(ii) Stressed VaR component (including the 3×multiplier)				
3	All portfolios subject to the Standardised CVA capital obligation	1,525,759	18,652	972,089	32,931
4	**Total subject to the CVA capital obligation**	**1,525,759**	**18,652**	**972,089**	**32,931**

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10.8.8. CCR exposures by risk class and risk weights

	Curent Period - Risk Classes / Risk Weights *	0%	10%	20%	50%	75%	100%	150%	200%	Others ***	Total credit risk*
1	Receivables from central governments and Central Banks	5,221,288	-	-	-	-	-	-	-	-	-
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	-	-	603,026	773,915	-	-	-	-	-	507,563
7	Receivables from corporate	-	-	-	-	-	94,604	-	-	-	94,604
8	Retail receivables	-	-	-	-	32,436	-	-	-	-	24,327
9	Other receivables	-	-	-	3,984	-	10,259	-	-	5,760	14,267
10	**Total**	**5,221,288**	**-**	**603,026**	**777,899**	**32,436**	**104,863**	**-**	**-**	**5,760**	**640,761**

(*) Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.
(**) Other assets: The template includes amounts that are not included in counterparty credit risk reported in CCR8.
(***) 35% Risk Weight is classified in Others.

	Prior Period - Risk Classes / Risk Weights *	0%	10%	20%	50%	75%	100%	150%	200%	Others ***	Total credit risk*
1	Receivables from central governments and Central Banks	456,708	-	-	-	-	-	-	-	-	-
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	-	-	576,986	38,929	-	-	-	-	-	134,862
7	Receivables from corporate	-	-	-	-	-	59,147	-	-	-	59,147
8	Retail receivables	-	-	-	-	17,793	-	-	-	-	13,345
9	Other receivables	-	-	-	507	-	3,465	-	-	2,648	4,646
10	**Total**	**456,708**	**-**	**576,986**	**39,436**	**17,793**	**62,612**	**-**	**-**	**2,648**	**212,000**

(*) Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.
(**) Other assets: The template includes amounts that are not included in counterparty credit risk reported in CCR8.
(***) 35% Risk Weight is classified in Others.

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11. Securitization positions

None.

12. Explanations on the activities carried out on behalf and account of other persons, fiduciary-based transactions

The Group does not perform purchases, sales and custody services in the name of others. The Bank has no fiduciary-based transaction agreements.

13. Qualitative explanations on market risk

13.1. Group's processes and strategies

Procedures for the identification, measurement, monitoring and control of the market risk of the group, as well as processes for risk protection and strategies/processes for monitoring of the continuity of the hedging effectiveness, as well as the strategic objectives for the group's trading activities.

Risk management activities are consisting of the measurement, monitoring, control and reporting of the risks, arising from risks incurred on the consolided and solo basis and transactions carried out with the risk group that the Bank is involved in. These activities are carried out by the Parent Bank's Risk Management Department.

The definition of the market risk is made by legislation within the scope of the Pillar 1 risks. The components of the market risk that do not fall within the scope of Pillar 1 risks are assessed internally. This process is carried out by the Risk Management Department with the consultation to other relevant departments.

Measurement of the market risk is carried out by the Risk Management Department. Market risk is measured by the standard method as specified in the third part of the Regulation on the Measurement and Evaluation of Banks' Capital Adequacy. The Risk Management Department adopts international standardized methods and advanced statistical methods, which are included in the legislation, in the measurement of risks falling within the scope of the Pillar 2. Developed models as well as the stress tests and scenario analysis are used in the measurement and monitoring of the market risk.

The primary purpose of market risk is for the bank's risk exposure to be within the limits specified by the legislation and to be in accordance with the Bank's risk appetite. In this context, market risk is periodically measured, monitored and reported.

Risk limits related to market risk are established in accordance with the Group's Risk Appetite Policy. Aforementioned risk limits are determined by the Board of Directors and reviewed at least once a year. Limit usages are closely monitored.

Risk mitigation techniques have been applied in line with the size and complexity of the undertaking market risk and the controls are implemented in order to ensure their effectiveness.

Treasury Group Department monitors foreign currency positions and cash flows on behalf of the Parent Bank.

Moreover, new products and projects are examined in terms of market risk management and appropriate internal controls are implemented in case of necessity.

The ParentBank's strategic objectives for trading activities are given below.

- Ensure that the parent bank's lease certificate portfolio is managed at the optimum level within the risk-return balance limits
- Implement transaction by taking into account the future prospects of market developments/movements and the framework of trading opportunities in the current market prices
- Invest in Sukuk (lease certificates) as an alternative investment tool to manage the liquidity profitably

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13.2. The organization and structure of the market risk management function

Definition of the market risk management structure established for the implementation of the Parent Bank's strategies and processes and the communication mechanism and relationship between the different parties involved in market risk management, as described in paragraph 1 of 12.1.

The market risk service operates under the Deputy Head responsible from the Market Risk, Operational Risk and Capital Planning within Risk Management Department. This service directly reports to the Board of Directors through the Risk Committee. The results of risk measurement and risk monitoring are shared with other related units. The activities coordinated within the Internal Capital Adequacy Assessment Process are carried out together with other relevant departments of the Parent Bank.

13.3. Structure and scope of risk reporting and/or measurement systems

Within the scope of risk management system, the Group established a reporting system which ensures effective analysis and evaluation for market risks. The risk measurement and risk monitoring results is reported to the Risk Committee on a timely manner.

There is a risk measurement system which covers the scope and complexity of significant market risk components including transactions and operations exposed to market risk. This system is being audited regularly.

The details of the market risk calculated as of 31 December 2020 and 31 December 2021 in accordance with the principles in the third part of the "The Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette numbered 29511 and dated 23 October 2015 are as follows:

13.4. Market risk under standardised approach

		Risk Weighted Amounts	
		Current Period	**Prior Period**
	Outright products	**5,574,076**	**3,847,896**
1	Profit share risk (general and specific)	3,348,235	2,509,715
2	Equity risk (general and specific)	66,214	-
3	Foreign exchange risk	615,471	149,230
4	Commodity risk	1,544,156	1,188,951
	Options	-	-
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	**Securitisation**	-	-
9	**Total**	**5,574,076**	**3,847,896**

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13.5. Explanations on Operational Risk:

"Basic Indicator Method" is used in operational risk calculation of the Group. The sum that is the basis for the operational risk is calculated by the use of the gross revenues of the Group for the last 3 years 2020, 2019 and 2018 in compliance with "Third Section "Calculation of the Operational Risk" of The Regulation on Measurement and Assessment of Capital Adequacy Ratios of Goup published in the Official Gazette numbered 29111 and dated 6 September 2014. The annual gross revenue is calculated by addition of the net fees and commission revenues, dividend income obtained other than subsidiaries and affiliates, the trading gain/loss(net) and other operating income to the net profit share income and by deduction of the gain/loss from the sale of the assets accounted other than the trading book, extraordinary income, the operational expenses for the support services taken from the main shareholder of the parent bank, subsidiary of the parent bank or subsidiary of the shareholder of the parent bank performing the calculation or the institutions which are subject to the relevant Regulation or the equivalent arrangements and the operational expenses for the support service taken from a bank and the amounts compensated from insurance. TL 363,564 corresponding to the 8% of TL 17,044,547 used in the calculation of the operational risk within the scope of "Capital adequacy standard rate" indicated in the disclosure I of this section, represents the operational risk which might be exposed to. TL 363,564 also defines the minimum capital sum which is required in order to eliminate the mentioned risk.

Current Period	**31/12/2018 Amount**	**31/12/2019 Amount**	**31/12/2020 Amount**	**Total/ No. of Years of Positive Gross**	**Rate (%)**	**Total**
Gross Income	4,018,300	5,375,818	8,744,165	6,046,094	15	906,914
Value at Operational Risk (Total*12.5)						11,336,427

Prior Period	**31/12/2017 Amount**	**31/12/2018 Amount**	**31/12/2019 Amount**	**Total/ No. of Years of Positive Gross**	**Rate (%)**	**Total**
Gross Income	2,776,027	4,018,300	5,375,818	4,056,715	15	608,507
Value at Operational Risk (Total*12.5)						7,606,341

13.6. Profit-share rate risk related to banking book

13.6.1. Economic value differences arising from fluctuations in profit share rates in accordance with the regulation on measurement and evaluation of profit share rates derived from banking accounts with standard shock method

Current Period	Currency	Applied Shock (+/- x basis points)	Gains/Losses	Gains/Shareholder's Equity-Losses/shareholder's Equity
1	TRY	(+) 500bp	(521,604)	(%2.73)
2	TRY	(-) 400bp	486,326	%2.55
3	USD	(+) 200bp	748,776	%3.92
4	USD	(-) 200bp	(792,981)	(%4.15)
5	EURO	(+) 200bp	162,645	%0.85
6	EURO	(-) 200bp	(158,010)	(%0.83)
	Total (For Negative Shocks)		(464,665)	(%2.43)
	Total (For Positive Shocks)		389,817	%2.04

* Parent Bank

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Prior Period	Currency	Applied Shock (+/- x basis points)	Gains/Losses	Gains/Shareholder's Equity-Losses/shareholder's Equity
1	TRY	(+) 500bp	(1,930,380)	(%15.27)
2	TRY	(-) 400bp	1,815,712	%14.36
3	USD	(+) 200bp	471,594	%3.73
4	USD	(-) 200bp	(514,239)	(%4.07)
5	EURO	(+) 200bp	371,746	%2.94
6	EURO	(-) 200bp	(385,722)	(%3.05)
	Total (For Negative Shocks)		915,751	%7.24
	Total (For Positive Shocks)		(1,087,040)	(%8.60)

*Parent Bank

13.7. Risk management objectives and policies

In accordance with Group's strategies, risk policies and vision, the analysis that RMS presents to Risk Committee are credit risks, market risks, liquidity risks, operational risks and IT risk evaluations. Besides, in accordance with market trends, economic conduct and the Parent Bank's strategic growth, capital adequacy stress test and scenario analyses, evaluation of economic development in the World and Turkey is presented to Risk Committee and Board of Directors by RMS. These analyses contribute to Parent Bank Top Management's resolution process about risk appetite and awareness of risks, capital adequacy, strategy revisions and future estimation.

In addition, Risk Management Service verifies its own coordination to be ready proactively in business availability of Kuveyt Türk and situations connected with it.

Risk Management Service continues risk monitoring and analyzing operations in accordance with Board of Director's Parent Bank's mission, vision and growth strategy to prevent the potential risks. In this context credit and market risks, liquidity risk, operational risks and all limits, internal personal scoring and corporate rating modeling with IT risks issues, IT risk evaluation, operational lost data base, key risk indicators, operational risk insurances, market risk calculations, following up of treasury transactions and asset-liability risks are being monitorized.

Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Financial instruments valued by applying methods that are based on observable market prices, directly or indirectly, on data that has significant effect on the fair value reflected in the inputs

Level 3: Financial instruments valued by applying methods that are not based on observable market prices, directly or indirectly, on data that has significant effect on the fair value reflected in the inputs.

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles as of 31 December 2021 and 31 December 2020 are given in the table below:

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Current Period	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	11,035,607	3,303,278	-	14,338,885
Forward transactions	-	358,296	-	358,296
Swap transactions	-	1,040,488	-	1,040,488
Government debt securities	11,035,607	-	-	11,035,607
Other marketable securities	-	1,904,494	-	1,904,494
Financial assets at fair value through other comprehensive income	31,790,271	281,491	-	32,071,762
Equity securities	84,074	-	-	84,074
Government debt securities	31,706,197	-	-	31,706,197
Other marketable securities	-	281,491	-	281,491
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	257,764	-	257,764
Forward transactions	-	132,843	-	132,843
Swap transactions	-	124,921	-	124,921
Financial liabilities for hedging purposes	-	-	-	-

Prior Period	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	7,050,998	1,173,807	-	8,224,805
Forward transactions	-	52,326	-	52,326
Swap transactions	-	409,280	-	409,280
Government debt securities	7,050,998	-	-	7,050,998
Other marketable securities	-	712,201	-	712,201
Financial assets at fair value through other comprehensive income	20,538,784	184,301	-	20,723,085
Equity securities	49,146	-	-	49,146
Government debt securities	20,489,638	-	-	20,489,638
Other marketable securities	-	184,301	-	184,301
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	1,676,806	-	1,676,806
Forward transactions	-	26,008	-	26,008
Swap transactions	-	1,650,798	-	1,650,798
Financial liabilities for hedging purposes	-	-	-	-

No transfers have taken place between Level 1 and Level 2 in the current year.

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14. Explanations on consolidated business segments

The Parent Bank operates in Corporate and Commercial Banking, Retail Banking, Treasury and International Banking sectors.

Corporate and Commercial Banking: Special cash flow and financial solutions are provided to customers through loans, non-cash loans, foreign trade financing services and similar customized products to meet the financial needs of the customers. Domestic and foreign business opportunities are supported by using different corporate banking instruments to serve the sustainability of the production of entities.

Retail Banking includes fund collection, installment commercial loans, business loans, non cash loans, consumer financing and credit cards. The Bank serves in the range of products areas of profit share accounts creation, banking services, trade finance, checks, POS services, credit cards, ATM services, online banking and mobile banking in these fields.

In Treasury and International Banking, the relationships with foreign correspondent banks and investment institutes are executed directly or via branches abroad, representative offices and agencies. The firms, which are exceed size limits, are classified “corporate” customers and directed to the Corporate Banking. The products are the same with the Commercial Banking. The aim of international banking is to enable foreign trade financing and develop mutual long-term financing agreements with foreign banks. Besides supplying syndicated loans and issue the Sukuk for the Bank, investment banking also supplies syndicated loans in corporate basis for the firms and groups in Turkey. The Treasury in addition to monitoring foreign currency position and liquidity of the Bank, also conducts spot and forward transactions in TL or foreign currencies, performs derivative transactions (forward, swap) with banks and customers, trades of gold within the context of membership of Istanbul Gold Exchange, trades share certificates in BIST and international markets and conducts murabaha transactions with foreign banks.

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Selected balance sheet and income statement items according to segments

Current Period 1 January 2021-31 December 2021	**Retail Banking**	**Corporate and Commercial Banking**	**Treasury and international Banking**	**Unallocated**	**Group's total operation**
Operating income	7,445,351	10,049,459	2,563,644	-	20,058,454
Operating expenses (-)	7,168,940	2,527,008	1,439,541	4,298,142	15,433,631
Transfers between segments	3,536,129	(3,394,812)	(141,317)	-	-
Net operating income(loss)	**3,812,540**	**4,127,639**	**982,786**	**(4,298,142)**	**4,624,823**
Income from associates	-	-	-	27,947	27,947
Income (loss) before tax	**3,812,540**	**4,127,639**	**982,786**	**(4,270,195)**	**4,652,770**
Provision for taxation (-)	-	-	-	1,279,103	1,279,103
Net income for the period	**3,812,540**	**4,127,639**	**982,786**	**(5,549,298)**	**3,373,667**
Current Period 31 December 2021					
Segment assets	37,357,906	77,548,111	143,876,590	-	258,782,607
Associates, subsidiaries and joint ventures	-	-	-	112,938	112,938
Undistributed assets	-	-	-	8,398,649	8,398,649
Total assets	**37,357,906**	**77,548,111**	**143,876,590**	**8,511,587**	**267,294,194**
Segment liabilities	191,641,197	36,811,822	16,023,869	-	244,476,888
Undistributed liabilities	-	-	-	11,328,465	11,328,465
Shareholders' equity	-	-	-	11,488,841	11,488,841
Total liabilities	**191,641,197**	**36,811,822**	**16,023,869**	**22,817,306**	**267,294,194**

Prior Period 1 January 2020 – 31 December 2020	**Retail Banking**	**Corporate and Commercial Banking**	**Treasury and international Banking**	**Unallocated**	**Group's total operation**
Operating income	3,100,377	8,515,534	1,234,829	-	12,850,740
Operating expenses (-)	4,462,239	2,098,580	711,817	3,334,548	10,607,184
Transfers between segments	2,372,885	(479,349)	(1,893,536)	-	-
Net operating income(loss)	**1,011,023**	**5,937,605**	**(1,370,524)**	**(3,334,548)**	**2,243,556**
Income from associates	-	-	-	20,930	20,930
Income (loss) before tax	**1,011,023**	**5,937,605**	**(1,370,524)**	**(3,313,618)**	**2,264,486**
Provision for taxation (-)	-	-	-	551,618	551,618
Net income for the period	**1,011,023**	**5,937,605**	**(1,370,524)**	**(3,865,236)**	**1,712,868**
Prior Period 31 December 2020					
Segment assets	29,924,797	43,516,111	72,523,747	-	145,964,655
Associates, subsidiaries and joint ventures	-	-	-	84,991	84,991
Undistributed assets	-	-	-	12,147,467	12,147,467
Total assets	**29,924,797**	**43,516,111**	**72,523,747**	**12,232,458**	**158,197,113**
Prior Period 31 December 2020					
Segment liabilities	105,235,906	21,636,217	16,987,622	-	143,859,745
Undistributed liabilities	-	-	-	6,306,554	6,306,554
Shareholders' equity	-	-	-	8,030,814	8,030,814
Total liabilities	**105,235,906**	**21,636,217**	**16,987,622**	**14,337,368**	**158,197,113**

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SECTION FIVE

EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Explanations and notes related to consolidated assets

1.1. Information regarding the cash assets and the Central Bank of Republic of Turkey

1.1.1 Cash and balances with the Central Bank of Republic of Turkey

	Current period		Prior period	
	TL	FC	TL	FC
Cash/foreign currency	734,131	6,849,096	630,548	3,011,244
The Central Bank of Republic of Turkey	4,620,318	47,690,909	512,354	19,967,199
Other (*)	29,609	7,050,216	1,525	988,100
Total	**5,384,058**	**61,590,221**	**1,144,427**	**23,966,543**

(*) As of 31 December 2021, precious metal account amounting to TL 7,050,216 (31 December 2020 - TL 988,021 and money in transit amounting to TL 29,609 (31 December 2020 – TL 1,604) are presented in this line

1.1.2 Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	4,540,821	11,485,380	499,584	1,493,876
Restricted time deposit	-	-	-	-
Unrestricted time deposit	79,497	36,205,529	12,770	18,473,323
Total	**4,620,318**	**47,690,909**	**512,354**	**19,967,199**

According to the CBRT's Communiqué on Required Reserves No. 2005/1, banks operating in Turkey; Required reserve ratios for Turkish lira and foreign currency liabilities are determined between 3% and 26% by differentiating according to the maturity of liabilities, and these rates are applied by banks as of the date of the report.

1.2 Information on financial assets at fair value through profit and loss

As of 31 December 2021, there are no financial assets at fair value through profit and loss subject to repurchase transactions, given as a collateral or blocked (31 December 2020 – None).

Positive differences related to marketable derivative financial assets:

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	356,312	1,984	49,633	2,693
Swap transactions	449,617	590,871	78,913	330,367
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**805,929**	**592,855**	**128,546**	**333,060**

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1.3 Information on Banks

1.3.1. Information on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	**793,894**	**15,310,474**	**1,114,456**	**6,256,097**
Domestic	793,894	2,723,863	1,113,965	113,981
Foreign (*)	-	12,586,611	491	6,142,116
Headquarters and branches abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	**793,894**	**15,310,474**	**1,114,456**	**6,256,097**

(*) As a result of the changes in the Uniform Chart of Accounts implemented by the BRSA as of January 1, 2021, the foreign currency collaterals given for the derivative transactions made by the Bank with foreign banks, which were monitored in the other assets account in the bank balance sheet in the previous periods, started to be monitored in the banks account as of the current period. As of 31 December 2021, the relevant amount is 308,849 TL.

1.3.2 Information on foreign banks account

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	3,947,681	1,649,966	-	-
USA and Canada	7,919,998	3,842,631	-	-
OECD Countries (*)	81,785	34,493	-	-
Off-shore Banking Regions	2,810	1,535	-	-
Other	634,337	613,982	-	-
Total	**12,586,611**	**6,142,607**	**-**	**-**

(*) EU countries, OECD countries other than the US and Canada

1.4 Information on financial assets at fair value through other comprehensive income

	Current period	Prior Period
Debt Securities	**32,249,966**	**20,852,757**
Quoted on stock exchange	32,249,966	20,852,757
Not quoted on stock exchange	-	-
Share certificates/Investment Funds	**130,255**	**90,887**
Quoted on stock exchange	106,190	75,105
Not quoted on stock exchange	24,065	15,782
Impairment provision (-)	**308,459**	**220,559**
Total	**32,071,762**	**20,723,085**

1.4.1 Information on financial assets given as collateral or blocked at fair value reflected in other comprehensive income

As of the balance sheet date, there are financial assets given TL 11,410,139 (31 December 2020: TL 8,480,912) as collateral whose fair value difference is reflected to other comprehensive income.

1.4.2 Information on financial assets whose fair value difference subject to repo transaction is reflected to other comprehensive income

As of the balance sheet date, there are financial assets subject to sale transactions with the promise of repurchase, of which TL 6,495,137 (31 December 2020 – 179,750) is reflected to other comprehensive income.

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1.5 Explanations on financial assets measured at amortized cost:

1.5.1 All types of loans and advances given to shareholders and employees of the Group:

	Current period		Prior period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	**6,955**	**21,246**	**4,695**	**6,709**
Corporate shareholders	-	21,228	-	6,677
Real person shareholders	6,955	18	4,695	32
Indirect loans granted to shareholders	**64,316**	**2,297**	**54,992**	**6,632**
Loans granted to employees	**40,564**	**1,320**	**27,605**	**541**
Total	**111,835**	**24,863**	**87,292**	**13,882**

1.5.2 Information on standart loans, loans underclose monitoring and restructured loans under close monitoring

Current Period - Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Subject to Restructuring	Restructured Loans	
			Revised Contract Terms	Refinance
Loans	**107,281,320**	**6,178,454**	**3,257,703**	**-**
Export Loans	10,658,321	167,651	-	-
Import Loans	4,064,392	238,568	-	-
Corporation Loans	49,455,992	3,419,753	3,176,331	-
Consumer Loans	14,385,713	356,836	17,082	-
Credit Cards	2,369,729	226,046	21,267	-
Loans given to financial sector	9,179,662	-	-	-
Other	17,167,511	1,769,600	43,023	-
Other Receivables	**339**	**983**	**-**	**-**
Total	**107,281,659**	**6,179,437**	**3,257,703**	**-**

Prior Period - Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Subject to Restructuring	Restructured Loans	
			Revised Contract Terms	Refinance
Loans	**67,420,988**	**4,813,370**	**2,615,066**	**-**
Export Loans	4,967,766	230,900	-	-
Import Loans	1,971,303	87,512	-	-
Corporation Loans	33,990,065	3,495,756	2,533,424	-
Consumer Loans	12,754,463	298,219	62,118	-
Credit Cards	1,237,324	130,190	19,524	-
Loans given to financial sector	3,238,490	-	-	-
Other	9,261,577	570,793	-	-
Other Receivables	**8,295**	**117,575**	**9,277**	**-**
Total	**67,429,283**	**4,930,945**	**2,624,343**	**-**

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Information on standart loans and loans under close monitoring and restructured loans under close monitoring regarding provision

	Standard Loans Current Period	Loans Under Close Monitoring Current Period	Standard Loans Prior Period	Loans Under Close Monitoring Prior Period
12 Month Expected Credit Losses (*)	2,311,693	-	1,179,791	-
Significant Increase in Credit Risk	-	3,507,288	-	1,744,593
Total	**2,311,693**	**3,507,288**	**1,179,791**	**1,744,593**

(*) Includes expected credit loss of other financial assets measured at amortized cost amounting TL 621 (31 December 2020: 1,094 TL).

1.5.3 Distribution of cash loans and other receivables according to their maturities

Current Period	Standard Loans	Loans Under Close Monitoring	
		Not Subject to Restructuring	Restructured
Short Term Loans	36,108,221	1,445,164	92,192
Medium- and Long-Term Loans	71,173,438	4,734,273	3,165,511
Total	**107,281,659**	**6,179,437**	**3,257,703**

Prior Period	Standard Loans	Loans Under Close Monitoring	
		Not Subject to Restructuring	Restructured
Short Term Loans	18,132,548	1,028,543	59,885
Medium- and Long-Term Loans	49,296,735	3,902,402	2,564,458
Total	**67,429,283**	**4,930,945**	**2,624,343**

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1.5.4 Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards

Current Period	Short term	Medium and long term	Total
Consumer Loans-TL	**132,770**	**12,927,445**	**13,060,215**
Housing Loans	32,641	10,534,935	10,567,576
Vehicle Loans	42,993	1,845,143	1,888,136
Consumer Loans	32,401	235,966	268,367
Other	24,735	311,401	336,136
Consumer Loans-FC Indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	**88**	**1,658,257**	**1,658,345**
Housing Loans	-	1,563,957	1,563,957
Vehicle Loans	88	93,909	93,997
Consumer Loans	-	391	391
Other	-	-	-
Retail Credit Cards-TL	**936,138**	**70**	**936,208**
With Installment	247,995	70	248,065
Without Installment	688,143	-	688,143
Retail Credit Cards-FC	**6,916**	**-**	**6,916**
With Installment	-	-	-
Without Installment	6,916	-	**6,916**
Personnel Loans-TL	**2,100**	**38,971**	**41,071**
Housing Loans	49	3,730	3,779
Vehicle Loans	724	18,725	19,449
Consumer Loans	1,327	16,516	17,843
Other	-	-	-
Personnel Loans-FC Indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	**-**	**-**	**-**
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	**24,701**	**21**	**24,722**
With Installment	10,286	21	10,307
Without Installment	14,415	-	14,415
Personnel Credit Cards-FC	**-**	**-**	**-**
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	**-**	**-**	**-**
Overdraft Account-FC (Real Person)	**-**	**-**	**-**
Total	**1,102,713**	**14,624,764**	**15,727,477**

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Prior Period	Short term	Medium and long term	Total
Consumer Loans-TL	**74,023**	**12,698,649**	**12,772,672**
Housing Loans	17,783	10,717,815	10,735,598
Vehicle Loans	31,924	1,574,270	1,606,194
Consumer Loans	21,382	215,488	236,870
Other	2,934	191,076	194,010
Consumer Loans-FC Indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	**172**	**314,708**	**314,880**
Housing Loans	-	246,690	246,690
Vehicle Loans	172	41,060	41,232
Consumer Loans	-	26,958	26,958
Other	-	-	-
Retail Credit Cards-TL	**545,977**	**70**	**546,047**
With Installment	120,545	70	120,615
Without Installment	425,432	-	425,432
Retail Credit Cards-FC	**3,340**	**-**	**3,340**
With Installment	-	-	-
Without Installment	3,340	-	3,340
Personnel Loans-TL	**1,985**	**25,263**	**27,248**
Housing Loans	-	2,401	2,401
Vehicle Loans	466	15,844	16,310
Consumer Loans	1,519	7,018	8,537
Other	-	-	-
Personnel Loans-FC Indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	**-**	**-**	**-**
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	**13,761**	**21**	**13,782**
With Installment	5,696	21	5,717
Without Installment	8,065	-	8,065
Personnel Credit Cards-FC	**-**	**-**	**-**
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)			
	-	**-**	**-**
Overdraft Account-FC (Real Person)			
Total	**639,258**	**13,038,711**	**13,677,969**

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1.5.5 Information on commercial installment loans and corporate credit cards

Current Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	**994,450**	**11,754,294**	**12,748,744**
Business Loans	32,149	1,793,796	1,825,945
Vehicle Loans	788,312	6,813,277	7,601,589
Consumer Loans	173,989	3,147,221	3,321,210
Other	-	-	-
Commercial Installment Loans-FC Indexed	**8,187**	**515,770**	**523,957**
Business Loans	8,187	17,567	25,754
Vehicle Loans	-	1,028	1,028
Consumer Loans	-	497,175	497,175
Other	-	-	-
Commercial Installment Loans-FC	**1,315,908**	**6,703,940**	**8,019,848**
Business Loans	-	741,402	741,402
Vehicle Loans	3,602	847,628	851,230
Consumer Loans	-	19,917	19,917
Other	1,312,306	5,094,993	6,407,299
Corporate Credit Cards-TL	**1,625,478**	**-**	**1,625,478**
With Installment	681,084	-	681,084
Without Installment	944,394	-	944,394
Corporate Credit Cards-FC	**23,717**	**-**	**23,717**
With Installment	-	-	-
Without Installment	23,717	-	23,717
Overdraft Account-TL (Legal Entity)	**-**	**-**	**-**
Overdraft Account-FC (Legal Entity)	**-**	**-**	**-**
Total	**3,967,740**	**18,974,004**	**22,941,744**

Prior Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	**497,383**	**9,234,322**	**9,731,705**
Business Loans	6,008	1,995,773	2,001,781
Vehicle Loans	405,890	4,705,779	5,111,669
Consumer Loans	85,485	2,532,770	2,618,255
Other	-	-	-
Commercial Installment Loans-FC Indexed	**11,254**	**505,184**	**516,438**
Business Loans	11,254	57,668	68,922
Vehicle Loans	-	11,001	11,001
Consumer Loans	-	436,515	436,515
Other	-	-	-
Commercial Installment Loans-FC	**453,371**	**3,565,574**	**4,018,945**
Business Loans	-	490,181	490,181
Vehicle Loans	2,194	112,901	115,095
Consumer Loans	-	-	-
Other	451,177	2,962,492	3,413,669
Corporate Credit Cards-TL	**816,278**	**-**	**816,278**
With Installment	307,667	-	307,667
Without Installment	508,611	-	508,611
Corporate Credit Cards-FC	**7,591**	**-**	**7,591**
With Installment	-	-	-
Without Installment	7,591	-	7,591
Overdraft Account-TL (Legal Entity)	**-**	**-**	**-**
Overdraft Account-FC (Legal Entity)	**-**	**-**	**-**
Total	**1,785,877**	**13,305,080**	**15,090,957**

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1.5.6. Allocation of loans by customers

	Current period	Prior period
Public	833,335	396,326
Private	115,885,464	74,588,245
Total	**116,718,799**	**74,984,571**

1.5.7 Breakdown of domestic and foreign loans

	Current period	Prior period
Domestic loans	106,647,337	69,932,474
Foreign loans	10,071,462	5,052,097
Total	**116,718,799**	**74,984,571**

1.5.8 Loans granted to subsidiaries and associates

	Current period	Prior period
Loans granted directly to subsidiaries and associates	193	169
Loans granted indirectly to subsidiaries and associates	-	-
Total	**193**	**169**

1.5.9 Specific provisions for loans or default (Third Stage) provisions

	Current period	Prior period
Loans and receivables with limited collectability	145,268	473,916
Loans and receivables with doubtful collectability	99,920	5,172
Uncollectible loans and receivables	2,543,193	2,045,229
Total	**2,788,381**	**2,524,317**

1.5.10 Information on non-performing loans (Net)

1.5.10.1 Information on loans and other receivables included in loans under follow-up account, which are restructured or rescheduled

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectibilit	Loans and Receivables with Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period			
(Gross Amount Before Specific Provisions)	45,215	216	616,947
Restructured Loans and Receivables	45,215	216	616,947
Prior Period			
(Gross Amount Before Specific Provisions)	-	1,577	262,750
Restructured Loans and Receivables	-	1,577	262,750

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1.5.10.2 Information on the movement of total non-performing loans:

Current Period	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Ending balance of prior period 31.12.2020	**550,571**	**11,192**	**2,408,491**
Additions in the current period (+)	248,891	177,048	950,255
Transfers from other categories of non-performing loans (+)	2	534,984	542,619
Transfers to other categories of non-performing loans (-)	534,984	542,619	2
Collections in the current period (-)	60,392	20,395	775,099
Write offs (-)(**)	-	8,818	399,229
Sold Porfolio (-)	**-**	**-**	**-**
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	**204,088**	**151,392**	**2,727,035**
Specific provisions (-)	145,267	99,920	2,543,193
Net balances on balance sheet	**58,821**	**51,472**	**183,842**

Prior Period	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Ending balance of prior period 31.12.2019	**250,407**	**318,133**	**1,541,141**
Additions in the current period (+)	542,258	10,412	1,086,141
Transfers from other categories of non-performing loans (+)	-	197,258	471,969
Transfers to other categories of non-performing loans (-)	197,197	471,975	55
Collections in the current period (-)	44,897	42,636	286,911
Write offs (-)	-	-	250,456
Sold Porfolio (-)	**-**	**-**	153,338
Corporate and commercial loans	-	-	153,338
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	**550,571**	**11,192**	**2,408,491**
Specific provisions (-)	473,916	5,172	2,045,229
Net balance at the balance sheet	**76,655**	**6,020**	**363,262**

(*) The Group, sold its risk amounting to TL 153,338 which was provided 100% provision from its non-performing loans, to the asset management company for TL 50,000

(**) With the decision of the top management of the Bank, it has been decided to include the project/loan of the customers in the cancellation accounts. The effect of these transactions on the NPL ratio is 31 basis points.

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1.5.10.3 Information on non-performing loans granted as foreign currency

	Group III	Group IV	Group V
Current Period			
Ending balance of the current period	4,131	77,730	486,606
Provision amount (-)	2,711	42,863	444,856
Net balance at the balance sheet	**1,420**	**34,867**	**41,750**
Prior Period			
Ending balance of the current period	532,560	1	312,782
Provision amount (-)	458,800	-	253,025
Net balance at the balance sheet	**73,760**	**1**	**59,757**

1.5.10.4 Gross and net amounts of non-performing loans with respect to user groups

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	**Loans and receivables with doubtful collectability**	**Uncollectible loans and receivables**
Current period (Net)	**58,821**	**51,472**	**183,842**
Loans granted to real persons and legal entities (Gross)	204,088	151,392	2,727,035
Specific provision (-)	145,267	99,920	2,543,193
Loans to real persons and legal entities (Net)	**58,821**	**51,472**	**183,842**
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior period (net) 31.12.2020			
Loans to real persons and legal entities (Gross)	**76,655**	**6,020**	**363,262**
Specific provision (-)	550,571	11,192	2,408,491
Loans to real persons and legal entities (Net)	473,916	5,172	2,045,229
Banks (Gross)	**76,655**	**6,020**	**363,262**
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

The Parent Bank has collaterals such as cash, mortgages, pledges, and checks of customer issued for non-performing loans.

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1.5.10.5. Aging analysis of past due but not impaired financial assets per classes of financial instruments is as follows:

Current Period	Less than 30 days	31-60 days	61-90 Days (*)	Total
Loans and Receivables				
Corporate Loans	6,547,648	283,769	384,863	7,216,280
Retail Loans	240,182	85,012	43,806	369,000
Credit Cards	201,862	13,673	18,002	233,537
Total	**6,989,692**	**382,454**	**446,671**	**7,818,817**

(*) Based on the BRSA's decisions dated 17 March 2020 and numbered 8948 and dated 27 March 2020 and numbered 8970, the risks in the number of delay days of 90-180 days are presented in this line.

Prior Period	Less than 30 days	31-60 days	61-90 Days(*)	Total
Loans and Receivables				
Corporate Loans	5,734,223	123,369	703,172	6,560,764
Retail Loans	259,740	36,192	58,781	354,713
Credit Cards	128,633	7,255	13,699	149,587
Total	**6,122,596**	**166,816**	**775,652**	**7,065,064**

(*) Based on the BRSA's decisions dated 17 March 2020 and numbered 8948 and dated 27 March 2020 and numbered 8970, the risks in the number of delay days of 90-180 days are presented in this line.

1.5.10.6 Information on profit share accruals, rediscounts and valuation differences computed for non-performing loans and their provision:

The Parent Bank	III. Group Loans with Limited Collectibility	IV. Group Loans with Doubtful Collectibility	V. Group Uncollectible Loans
Current Period (Net)	**5,926**	**5,709**	**19,648**
Profit share accruals, rediscount and valuation differences	42,160	15,327	377,087
Provision (-)	36,234	9,618	357,439

The Parent Bank	III. Group Loans with Limited Collectibility	IV. Group Loans with Doubtful Collectibility	V. Group Uncollectible Loans
Prior Period (Net)	**371**	**460**	**51,485**
Profit share accruals, rediscount and valuation differences	4,485	865	319,370
Provision (-)	4,114	405	267,885

1.5.10.7. Main guidelines for liquidation process of uncollectible loans and other receivables:

Loans and other receivables, which were deemed uncollectible according to the "Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans" published in the Official Gazette No. 26333 dated 1 November 2006 and for which a full impairment provision has been made, are written off as per the decision of the Bank top management. Within 20201, non-performing loans amounting to TL 397,786 have been written-off (31 December 2020 – TL 250,456).

1.5.11 Information on the write-off policy

The Bank's write off policy is to write-off the loan receivables that have been already transferred to legal follow-up and fully provided for and for which there is no possibility of collection through legal process and for which there is no collateral. Such loans are written off as per the decision of top management.

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1.6 Information on other financial assets measured at amortised cost

1.6.1 Information on Other Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Debt Securities	**5,935,549**	**6,499,810**
Quoted on a Stock Exchange	5,395,037	6,203,203
Not Quoted	**540,512**	**296,607**
Expected Loss Provision (-)	**621**	**1,094**
Total	**5,934,928**	**6,498,716**

1.6.2 Movements of Other Financial Assets Measured at Amortized Cost During The Year

	Current Period	Prior Period
Opening Balance	**6,499,810**	**3,212,924**
Foreign Exchange Gain/Loss	2,231,090	1,353,136
Purchases During the Year	979,285	1,933,750
Disposals Through Sales and Redemptions	3,774,636	-
Expected Loss Provision (-)	**621**	**1,094**
Total	**5,934,928**	**6,498,716**

1.7 Information on investment in associates (Net)

1.7.1 The Parent Bank used a 1.49% ownership of the shares of Kredi Garanti Fonu A.Ş. amounting to TL 7,659 (31 December 2020 – TL 7,659), 1.15% ownership of the shares of Islamic International Rating Agency amounting to TL 277 (31 December 2020 – TL 33), and, Swift shares amounting to TL 3,567 (31 December 2020 – TL 390) and 0.0035% ownership of the shares traded in Borsa İstanbul A.Ş amounting to TL 15 (31 December 2020 – TL 15) and %2.86 ownership of the shares of JCR Avrasya Derecelendirme A.Ş amounting to TL 2,755 (31 December 2020 – 2,755), VISA INC. shares amounting to TL 12,555 (December 31, 2020 – TL 7,008) are classified as financial assets at fair value through other comprehensive income since the Bank's ownership in these entities is less than 10% and the Parent Bank does not have a significant influence on these entities.

1.7.2 Information about investments in unconsolidated associates: None (31 December 2020 – None).

1.7.3 Information related to consolidated associates: None (31 December 2020 – None).

1.8 Information on subsidiaries (Net)

1.8.1 Although the Bank has control power over the management and capital of its non-financial subsidiaries, Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San. Ve Tic. A.Ş and Architecht Bilişim Sistemleri ve Pazarlama Tic A.Ş does not confirm to the definition of financial subsidiary in accordance with "Regulation related to the Preparation of Consolidated Financial Statements by Banks" published in the Official Gazette No. 26340 dated 8 November 2006; hence this subsidiary has not been consolidated.

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1.8.2 Information on subsidiaries

	Title	Address (City/Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1	Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San.ve Tic. A.Ş.	İstanbul/Türkiye	99.99	99.99
2	Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	75.00	78.15
3	KT Sukuk Varlık Kiralama A.Ş.	İstanbul/Türkiye	100.00	100.00
4	KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/Türkiye	100.00	100.00
5	KT Bank AG (*)	Frankfurt/Almanya	100.00	100.00
6	Architecht Bilişim Sistemleri ve Pazarlama Tic A.Ş	İstanbul/Türkiye	100.00	100.00
8	KT Portföy Yönetimi A.Ş.	İstanbul/Türkiye	100.00	100.00
9	Neova Katılım Sigorta A.Ş.	İstanbul/Türkiye	100.00	100.00

(*) As of 31 December 2021, financial figures for this entity in the table above are based on the financial information prepared in accordance wit the local regulations of the country in which this entity operates.

1.8.2 Information on subsidiaries

Information on subsidiaries in the order presented in the above table

	Total Assets	Equity	Total Fixed assets	Profit Share Income	Income from marketable securities	Current period profit/loss	Prior period profit /loss	Fair Value
1	59,726	52,565	5,955	-	-	8,642	13,859	-
2	185,110	144,075	64,830	-	-	24,080	6,155	-
3	684	673	-	-	-	24	11	-
4	4,591,921	359	-	-	-	49	17	-
5	12,972,775	1,638,867	174,201	-	-	16,990	7	-
6	103,497	89,998	12,347	167	4,164	37,153	32,887	-
8	39,503	31,386	4,957	-	-	10,285	10,169	-
9	4,300,166	816,508	30,980	-	-	234,369	166,389	-

Movement regarding the subsidiaries

	Current Period	Prior Period
Balance at the beginning of the year	**23,680**	**23,680**
Movements during the year	-	-
Purchases	-	-
Transfers from subsidiaries (net)	-	-
Bonus shares	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	-
Impairment	-	-
Capital commitment payments	-	-
Balance at the end of the year	**23,680**	**23,680**
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

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Sectoral information on consolidated subsidiaries and the related carrying amounts

	Current Period	Prior Period
Banks	610,120	610,120
Insurance Companies (*)	751,796	751,796
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	75,419	75,419
Total	**1,437,335**	**1,437,335**

(*) The Bank has obtained the necessary legal permissions as of 5 May 2020, Neova Katılım Sigorta A.Ş. completed the share transfer transactions and concluded the purchase. Neova Katılım Sigorta A.Ş., which has purchased 78,864,212 shares by paying 745,860 TL with the purchase transaction, and 7% before sales increased its partnership share to 100% by owning all the shares.

Subsidiaries that are quoted on the stock exchange

	Current Period	Prior Period
Quoted in Domestic Stock Exchange	53,418	53,418
Quoted in Foreign Stock Exchange	-	-
Total	**53,418**	**53,418**

1.8.3 Information on capital adequacies of major subsidiaries:

The shareholder's equity of KT Bank AG, the bank's subsidiary in Germany, calculated as of December 31, 2021 is EUR 110,197,621 and the capital adequacy ratio are %21.6.

1.9 Information on joint ventures (business partnerships) (Net)

	Bank's share percentage	Total assets	Equity	Total fixed assets	Current period profit/loss	Prior period profit /loss
Katılım Emeklilik ve Hayat A.Ş. (*)	%50	6,127,196	173,160	33,805	55,894	166,389

1.10 Information on finance lease receivables (Net)

1.10.1 Presentation of remaining maturities of net finance leases

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	4,988,502	4,126,747	2,249,517	1,783,178
1 to 4 years	7,038,160	6,705,970	2,829,259	2,631,776
More than 4 years	1,125,718	1,093,218	622,145	596,042
Total	**13,152,380**	**11,925,935**	**5,700,921**	**5,010,996**

1.10.2 Net investments in finance leases

	Current Period	Prior Period
Gross receivable from finance leases	13,152,380	5,700,921
Unearned finance lease income (-)	1,226,445	689,925
Unearned finance lease income (-)	-	-
Net receivable from finance leases	**11,925,935**	**5,010,996**

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1.10.3 Information on finance lease contracts

The Parent Bank determines the settlements of the financial lease agreements in accordance with related legislations. Payment terms and amounts may be rearranged with additional agreements upon customers' requests. On the agreements, the Bank gives the customer the option to buy the related property. According to the Financial Lease Law, if a customer does not fulfill its obligations until 60 days, the Bank sends a notice to the customer and the Bank takes legal action against the customer if necessary. Non-performing finance lease receivables amounting to TL 45,706 are included in the non-performing loans in the balance sheet (31 December 2020 – TL 52,668).

1.11 Information on derivative financial assets for hedging purposes

None. (31 December 2020 – None).

1.12. Explanations on Tangible Assets

Current Period	Buildings	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Cost					
Opening balance, 1 January 2021	212,412	655,804	110,655	580,106	1,558,977
Additions	41,323	211,021	60,513	126,477	439,334
Disposals	(6)	(82,490)	(915)	(189,816)	(273,227)
Transfers	4,756	(4,756)	-	(17)	(17)
Impairment / cancellation	-	-	-	-	-
Ending balance, 31 December 2021	258,485	779,579	170,253	516,750	1,725,067
Accumulated Depreciation (-)					
Opening balance, 1 January 2021	37,825	262,759	30,836	303,475	634,895
Amortisation cost	7,947	149,950	29,900	74,505	262,302
Disposals	(5)	(71,598)	(704)	(184,349)	(256,656)
Transfers	2	(2)	-	(16)	(16)
Ending balance, 31 December 2021	45,769	341,109	60,032	193,615	640,525
Cost at the end of period	**258,485**	**779,579**	**170,253**	**516,750**	**1,725,067**
Accumulated depreciation at the end of period (-)	**45,769**	**341,109**	**60,032**	**193,615**	**640,525**
Closing net book value	**212,716**	**438,470**	**110,221**	**323,135**	**1,084,542**

Prior Period	Buildings	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Cost					
Opening balance, 1 January 2020	241,596	512,677	61,862	486,064	1,302,199
Additions	2,520	162,272	48,987	121,112	334,891
Disposals	(31,700)	(49,532)	(193)	(27,077)	(108,502)
Transfers	(4)	(3)	-	7	-
Impairment / cancellation	-	30,390	-	-	30,390
Ending balance, 31 December 2020	212,412	655,804	110,656	580,106	1,558,978
Accumulated Depreciation (-)					
Opening balance, 1 January 2020	30,003	162,826	12,616	250,411	455,856
Amortisation cost	7,981	127,897	18,475	57,742	212,095
Disposals	(159)	(27,961)	(254)	(4,681)	(33,055)
Transfers	-	(3)	-	3	-
Ending balance, 31 December 2020	37,825	262,759	30,837	303,475	634,896
Cost at the end of period	**212,412**	**655,804**	**110,656**	**580,106**	**1,558,978**
Accumulated depreciation at the end of period (-)	**37,825**	**262,759**	**30,837**	**303,475**	**634,896**
Closing net book value	**174,587**	**393,045**	**79,819**	**276,631**	**924,082**

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1.13. Explanations on Intangible Assets

1.13.1. Gross carrying value and accumulated amortization balances at the beginning and at the end of the period

	Current Period	Prior Period
Cost	593,816	396,455
Accumulated Amortization	(231,632)	(123,310)
Total (net)	**362,184**	**273,145**

1.13.2. Movements of intangible assets between the beginning and the end of the period

	Current Period	Prior Period
Opening balance	273,145	201,999
Additions	206,399	176,494
Disposals (-), net	46,128	23,193
Depreciation amount (-)	71,232	82,155
Closing net book value	**362,184**	**273,145**

Intangible assets include computer software and program licenses which are purchased for banking systems.

1.14. Explanations on investment property

	Current Period	Prior Period
Opening balance	77,457	37,646
Additions	11,128	39,970
Disposals (-), net	24,987	-
Depreciation amount (-)	-	159
Closing net book value	**63,598**	**77,457**

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1.15 Information on deferred tax asset

As of 31 December 2021, deferred tax is offset as TL 1,882,994 in the balance sheet. In accordance with the related regulations deferred tax asset calculated as of 31 December 2021 is TL 2,283,664 (31 December 2020 – TL 932,455) and deferred tax liability is TL 400,720 (31 December 2020 – TL 96,933 TL).

	Current period	Prior period
Employee Benefits Liability	80,393	48,263
Retirement Pay Liability	46,001	37,460
Deferred Income	103,388	73,122
Impairment Provision for Subsidiaries, Fixed Assets and Assets Held for Sale	79	1,281
Rediscounts for Derivative Instruments Held for Trading (Net)	58,624	243,384
TFRS 9 Provisions	781,020	427,891
Precious Metals Valuation Difference	1,034,507	-
Carry Forward Financial Loss	115,397	73,642
Securities Valuation Difference	26,545	812
Other	37,710	26,600
Deferred Tax Asset	**2,283,664**	**932,455**
Derivative Transactions Valuation Differences	(298,868)	-
Tangible Assets Valuation Differences	(16,375)	(12,842)
Financial Assets Valuation Differences	(55,030)	(48,114)
Precious Metal Valuation Difference	(1,877)	(23,908)
Other	(28,570)	(12,069)
Deferred Tax Liability	**(400,720)**	**(96,933)**
Deferred Tax Asset (Net)	**1,882,944**	**835,522**

Table of deferred tax asset movement

	Current period	Prior period
As of January, 1	835,522	416,853
Deferred Tax (Expense) / Income	860,500	274,753
Deffered Tas Accounted Under Other Comprehensive Income	139,675	120,571
Other	47,247	23,345
Deferred Tax Asset	**1,882,944**	**835,522**

1.16. Assets held for sale and assets of discontinued operations

	Current Period	Prior Period
Opening balance	519,087	473,326
Additions	61,085	172,426
Transfer from tangible assets	-	-
Disposals (-), net	339,281	126,665
Transfer to tangible assets	-	-
Depreciation amount (-)	-	-
Impairment losses provision (-)	-	-
Closing net book value	**240,891**	**519,087**

1.17 Information on other assets

As of balance sheet date, the Group's other assets amount to TL 5,005,382 (31 December 2020 – TL 10,037,261). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

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SECTION FIVE

2. Explanations and notes related to consolidated liabilities

2.1 Information on funds collected

2.1.1 Information on maturity structure of funds collected

Current period	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	**20,546,940**	-	-	-	-	-	-	-	**20,546,940**
II. Real persons profit sharing accounts TL	**-**	**10,745,047**	**12,876,588**	**762,988**	**-**	**731,611**	**784,511**	**19,753**	**25,920,498**
III. Other current accounts-TL	**8,099,967**	-	-	-	-	-	-	-	**8,099,967**
Public sector	266,234	-	-	-	-	-	-	-	266,234
Commercial sector	7,705,471	-	-	-	-	-	-	-	7,705,471
Other institutions	80,279	-	-	-	-	-	-	-	80,279
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	**47,983**	-	-	-	-	-	-	-	**47,983**
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	47,619	-	-	-	-	-	-	-	47,619
Participation banks	364	-	-	-	-	-	-	-	364
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	**-**	**789,508**	**1,142,169**	**41,733**	**-**	**592,682**	**130,431**	7	**2,696,530**
Public sector	-	213	987	746	-	24,979	-	-	26,925
Commercial sector	-	669,267	941,873	15,144	-	552,592	129,951	7	2,308,834
Other institutions	-	119,807	199,286	25,843	-	14,993	452	-	360,381
Commercial and other institutions	-	221	-	-	-	118	28	-	367
Banks and participation banks	-	-	23	-	-	-	-	-	23
V. Real persons current accounts-FC	**46,298,760**	-	-	-	-	-	-	-	**46,298,760**
VI. Real persons profit sharing accounts-FC	**-**	**14,008,297**	**17,538,758**	**1,949,138**	**-**	**3,496,048**	**4,379,765**	**12,095**	**41,384,101**
VII. Other current accounts-FC	**22,674,121**	-	-	-	-	-	-	-	**22,674,121**
Commercial residents in Turkey	16,871,245	-	-	-	-	-	-	-	16,871,245
Commercial residents in Abroad	4,329,204	-	-	-	-	-	-	-	4,329,204
Banks and participation banks	**1,473,672**	-	-	-	-	-	-	-	**1,473,672**
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	1,471,529	-	-	-	-	-	-	-	1,471,529
Participation banks	2,143	-	-	-	-	-	-	-	2,143
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	**-**	**1,398,089**	**2,698,807**	**386,232**	**-**	**496,198**	**186,346**	**-**	**5,165,672**
Public sector	-	54	-	-	-	-	-	-	54
Commercial sector	-	1,295,745	2,182,976	99,152	-	73,526	73,564	-	3,724,963
Other institutions	-	46,632	232,733	287,060	-	422,672	**112,782**	-	1,101,879
Commercial and other institutions	-	55,658	283,098	20	-	-	-	-	338,776
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	**36,383,140**	**7,765,461**	**3,919,840**	**667,511**	**-**	**419,769**	**15,572**	**-**	**49,171,293**
X. Profit sharing accounts special funds - TL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	**134,002,928**	**34,706,402**	**38,176,162**	**3,807,602**	**-**	**5,736,308**	**5,496,625**	**31,855**	**221,957,882**

There are no 7 days notification accounts of the Group.

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Prior period	Demand	Up to 1 month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	**9,214,591**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,214,591**
II. Real persons profit sharing accounts-TL	**-**	**6,461,888**	**8,497,859**	**508,942**	**-**	**729,392**	**956,849**	**22,604**	**17,177,534**
III. Other current accounts-TL	**5,029,690**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,029,690**
Public sector	194,879	-	-	-	-	-	-	-	194,879
Commercial sector	4,783,318	-	-	-	-	-	-	-	4,783,318
Other institutions	39,576	-	-	-	-	-	-	-	39,576
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	**11,917**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,917**
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	11,614	-	-	-	-	-	-	-	11,614
Participation banks	303	-	-	-	-	-	-	-	303
Others	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	**-**	**602,957**	**989,697**	**42,390**	**-**	**312,745**	**109,333**	2	**2,057,124**
Public sector	-	322	602	645	-	11,465	-	-	13,034
Commercial sector	-	530,069	841,232	33,935	-	287,086	108,842	2	1,801,166
Other institutions	-	72,504	147,843	7,810	-	14,186	491	-	242,834
Commercial and other institutions	-	62	-	-	-	8	-	-	70
Banks and participation banks	-	-	20	-	-	-	-	-	20
V. Real persons current accounts-FC	**21,358,154**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**21,358,154**
VI. Real persons profit sharing accounts-FC	**-**	**6,979,266**	**8,866,523**	**1,111,289**	**-**	**2,284,117**	**2,464,048**	**4,205**	**21,709,448**
VII. Other current accounts-FC	**10,739,481**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,739,481**
Commercial residents in Turkey	8,823,743	-	-	-	-	-	-	-	8,823,743
Commercial residents in Abroad	1,282,174	-	-	-	-	-	-	-	1,282,174
Banks and participation banks	**633,564**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**633,564**
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	628,905	-	-	-	-	-	-	-	628,905
Participation banks	4,659	-	-	-	-	-	-	-	4,659
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	**-**	**745,772**	**1,656,288**	**107,516**	**-**	**177,058**	**123,297**	**-**	**2,809,931**
Public sector	-	3	-	-	-	-	-	-	3
Commercial sector	-	670,072	1,404,349	34,838	-	30,766	58,728	-	2,198,753
Other institutions	-	32,466	91,760	72,666	-	145,794	**64,569**	-	407,255
Commercial and other institutions	-	43,231	160,179	12	-	498	-	-	203,920
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	**28,025,054**	**5,342,933**	**2,559,094**	**379,540**	**-**	**281,184**	**10,713**	**90**	**36,598,608**
X. Profit sharing accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	**74,366,970**	**20,132,816**	**22,569,461**	**2,149,677**	**-**	**3,784,496**	**3,664,240**	**26,901**	**126,694,561**

There are no 7 days notification accounts of the Group.

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2.1.2 nformation's on current and profit share accounts that are in the scope of Saving Deposit/Saving Deposit Insurance Fund.

2.1.2.1 Current and Participation Accounts Attributable to Real Entities/Persons under the Guarantee of Saving Deposit Insurance Fund Exceeding the Limit of the Deposit Insurance Fund:

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving Deposit	
	Current period	Prior period	Current period	Prior period
Real persons current and profit sharing accounts that are not subject to commercial activities				
TL accounts	24,964,865	15,907,330	21,500,880	10,483,445
FC accounts	39,675,693	33,522,314	86,313,956	40,073,387
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except for foreign branches) through current and profit share accounts which are opened by real persons and denominated in Turkish Lira or foreign currency with a limit of maximum of TL 150,000 (including both capital and profit shares) for each person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law No. 5411 which issued in official gazette no. 25893 on 1 November 2005.

2.1.2.2 If the headquarters of the Parent Bank is abroad and the deposit account in its Turkish branch is in the scope of the insurance policy in the country of the headquarter of the Bank is founded, it should be explained:

The headquarters of the Parent Bank is in Turkey.

2.1.2.3 Current and Profit Share Accounts of the real persons who are not in the scope of Saving Deposits Insurance Fund:

The Parent Bank has no current or profit sharing accounts which are not under the guarantee of the Saving Deposit Insurance Fund except for the current and profit sharing accounts of shareholders, member of Board of Directors, CEO, the Vice Presidents and their first degree relatives.

	Current Period	Prior Period
Foreign branches' profit sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit sharing accounts of their mother, father, spouse and children in care	12,955	11,651
Profit sharing account and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No:5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	-	-

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2.2 Information on derivative financial liabilities held for trading

Derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	130,125	2,718	23,081	2,927
Swap transactions	62,773	62,148	1,367,405	283,393
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**192,898**	**64,866**	**1,390,486**	**286,320**

2.3. Information on funds borrowed

2.3.1 Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from The Central Bank of the Republic of Turkey	-	-	-	-
From Domestic Banks and Institutions	194,154	132,958	129,343	38,870
From Foreign Banks, Institutions and Funds	10,000	3,286,870	45,929	4,990,179
Total	**204,154**	**3,419,828**	**175,272**	**5,029,049**

2.3.2 Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	150,142	1,386,472	175,272	3,914,835
Medium and Long-Term	54,012	2,033,356	-	1,114,214
Total	**204,154**	**3,419,828**	**175,272**	**5,029,049**

2.3.4 Explanations related to the concentrations of the Parent Bank's major liabilities:

There is no risk concentration of the Parent Bank's current and profit-sharing accounts.

2.4. Information on securities issued

None

2.5 Information on other liabilities and miscellaneous payables

As of 31 December 2021, other liabilities amount to TL 2,135,331 (31 December 2020 – TL 1,410,151), miscellaneous payable amount to TL 2,703,783 (31 December 2020 - TL 783,731), both of them do not exceed 10% of the balance sheet total.

2.6 Information on finance lease payables (net)

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	22,595	21,162	147,042	137,379
1 to 4 years	102,929	96,326	253,354	165,644
More than 4 years	451,837	291,965	127,183	46,271
Total	**577,361**	**409,453**	**527,579**	**349,294**

The Parent Bank used FTP (Fund Transfer Pricing) rates as an alternative borrowing rate of profit at 1 January 2019. Relevant ratios are revised and revised in 2-week periods after 1 January 2019. The change in Participation Bank payments uses an unmodified discount rate unless the variable profit share rate is related. If the change in the lease payments results from variable profit share rates (LIBOR, EURIBOR), the lessee will use a revised discount rate reflecting changes in the profit share rate.

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2.6.1. Information on the changes in agreements and new obligations originating from these changes

None (31 December 2020 – None).

2.6.1.1. Information on Financial Lease Obligations

None (31 December 2020 – None).

2.6.1.2 Information on Operational Leases

The leasing transactions, in which all risks and benefits of the leased asset are held by the lessor, are classified as operational leases. Such transactions consist of rent contracts of branches which may be cancelled by declaration.

There are no significant commitments regarding the changes at the operational lease agreements.

The payments related with operational leases are recognized as expense in the income statement during the period of the agreement in equal installments.

2.7 Information on hedging derivative financial liabilities

None (31 December 2020 – None).

2.8 Information on provisions

2.8.1 Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans: As of 31 December 2021, effect of decrease in exchange rates on foreign currency indexed loans amounting to TL 50 (31 December 2020 – TL 3) and TL 7 for leasing receivables (31 December 2020 – TL 87) is offset against loans and receivables accounts.

2.8.2 Information on other provisions

	Current Period	Prior Period
Non-Cash loans that are not converted into cash	522,425	440,411
Special Provisions for non-cash loans	486,379	165,538
General Provisions for non-cash loans	678,145	447,552
Provision for Profits will be Allocated to Partipation Accounts	957	3,237
Other (*)	206,380	109,796
Total	**1,894,286**	**1,166,534**

(*) The other part of the main period amounting to TL 101,360 (December 31, 2020 - TL 35,525) is TL 9,395 (31 December 2020 - TL 100) for the expense of TL 63,404 (31 December 2020 - TL 56,211) is the amount for impairment loss. Provision for collected delay penalties 32,221 (December 31, 2020 – TL 3,385) which may be refunded is the amount related to other provision.

2.8.3 Information on provisions for employee benefits

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 228,869 (31 December 2020 – TL 189,033), vacation pay liability amounting to TL 3,575 (31 December 2020 – TL 2,714), performance premium amounting to TL 213,920 (31 December 2020 – TL 145,178), retirement bonuses on payment of TL 130,241 (31 December 2020 – TL 86,659), committee fee amounting to TL 17,256 (31 December 2020 – TL 12,321) and other fees amounting to TL 4,554 (31 December 2020 – TL 243).

Under the Turkish Labor Law, the parent Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire.

The amount payable consists of one month's salary limited to a maximum of TL 8,284.51 (full amount) (31 December 2020 – TL 6,730.15 (full amount)) for each year of service. The liability is not funded, as there is no funding requirement.

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The reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	19.10	12.10
Inflation rate (%)	15.80	8.00

Movements in the reserve for employment termination benefits during period are as follows

	Current Period	Prior Period
Balance at the beginning of the period	189,033	122,748
Provisions recognized during the period	49,512	30,769
Paid during the period	(10,744)	(4,704)
Actuarial loss / gain	1,068	40,220
Balances at the end of the period	**228,869**	**189,033**

2.9 Explanations on tax liability

2.9.1 Explanations on current tax liability

2.9.1.1 Information on tax provisions: TL 1,282,020 (31 December 2020 - TL 389,870)

2.9.1.2 Information on taxes payable

	Current Period	Prior Period
Taxation of marketable securities	30,189	26,382
Taxation of immovable property	2,347	969
Banking Insurance Transaction Tax (BITT)	54,819	30,458
Foreign Exchange Transaction Tax	103,722	23,676
Value Added Tax Payable	9,482	2,792
Income tax deducted from wages	17,938	15,010
Other	2,078	1,679
Total	**220,575**	**100,966**

2.9.1.3 Information on premiums (*):

	Current Period	Prior Period
Social Insurance Premiums-Employee	10,527	8,626
Social Insurance Premiums-Employer	11,333	9,270
Unemployment insurance-Employee	751	617
Unemployment insurance-Employer	1,628	1,484
Other	-	-
Total	**24,239**	**19,997**

(*) Included in sundry creditors line item on the balance sheet.

2.9.1.4 Information on deferred tax liability:

None (31 December 2020 - None).

2.10 Information on payables related to assets held for sale:

None (31 December 2020 – None).

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2.11 Information on subordinated loans

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	8,100,496	-	4,590,265
Total	**-**	**8,100,496**	**-**	**4,590,265**

2.12 Information on shareholders' equity

2.12.1 Presentation of paid-in capital

	Current Period	Prior Period
Common shares	4,600,000	4,600,000
Preferrence shares	-	-
Repurchased shares amount (*)	(4,869)	(4,869)
Total	**4,595,131**	**4,595,131**

(*) It represents the Parent Bank's acquisition of its own shares as a result of the Bank's shareholders not using their right of preference according to the commitment made in the capital increase in the Bank.

2.12.2 Amount of Paid-in Capital, Disclosure on whether the parent Bank Applies the Registered Share Capital System, and, if so, the Ceiling Amount of the Registered Share Capital

Registered capital system is not applied in the Bank.

2.11.3 Information on the share capital increases during the period and their sources; other information on increased capital shares in the current period

None

2.11.4 Information on share capital increases from capital reserves during the current period:

None

2.11.5 Possible effect of estimations made for the Group's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties:

Based on the evaluation made considering the Group's prior and current period indicators related to net profit share and commission income, it is observed that the Bank continues its operations profitably.

2.11.6 Summary of privileges given to shares representing the capital

None. (31 December 2020- None)

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2.12.7 Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference (*)	57,132	(65,917)	(81,130)	94,206
Foreign Exchange Difference	-	-	-	-
Total	**57,132**	**(65,917)**	**(81,130)**	**94,206**

(*) Valuation difference is calculated taking the tax effect of the rent certifications in the account, which are classified as "Government Debt Securities" and "Other Marketable Securities" under financial assets at fair value through other comprehensive income in the balance sheet.

2.13 Information on minority shares

31 December 2021 – 36,019 TL. (31 December 2020; 30,004 TL)

3. Explanations and notes related to off-balance sheet contingencies and commitments

3.1. Explanations on off-balance sheet accounts

3.1.1 Types and amounts of irrevocable commitments: Commitment for credit card limits, as of 31 December 2021 amounts to TL 5,336,868 (31 December 2020 – TL 3,503,366); payment commitments for cheque books amounts to TL 1,750,116 (31 December 2020 – TL 1,372,786).

3.1.2 Types and amounts of probable losses and obligations arising from off-balance sheet items including below items:

3.1.2.1 Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

As of 31 December 2021, the Group has guarantees and surety ships constituting of TL 11,838,814 (31 December 2020 – TL 9,588,633) of letters of guarantee; TL 113,683 (31 December 2020 – TL 40,996) of acceptances and TL 4,521,120 (31 December 2020 – TL 1,685,022) of letters of credit. Also, banks has other acceptances amounting to TL 912,257 (31 December 2020 – TL 546,682).

3.1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies: There are no other than those explained in 2.i

3.1.3 Total amount of non-cash loans

	Current period	Prior period
Non-cash loans given against cash loans	74,766	33,229
With original maturity of 1 year or less	74,766	33,229
With original maturity of more than 1 year	-	-
Other non-cash loans	17,311,108	11,828,104
Total	**17,385,874**	**11,861,333**

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3.1.4. Sectorial risk concentration of non-cash loans:

	Current Period			
	TL	%	FC	%
Agriculture	**133,738**	**1.50**	**70,364**	**0.83**
Farming and stockbreeding	37,343	0.42	53,692	0.63
Forestry	95,089	1.07	16,672	0.20
Fishery	1,306	0.01	-	0.00
Manufacturing	**1,832,447**	**20.55**	**3,094,034**	**36.53**
Mining and quarrying	493,168	5.53	638,387	7.54
Production	1,093,192	12.26	2,333,739	27.55
Electricity, Gas, Water	246,087	2.76	121,908	1.44
Construction	**3,568,096**	**40.03**	**1,089,374**	**12.86**
Services	**2,813,633**	**31.56**	**3,116,270**	**36.78**
Wholesale and Retail Trade	1,710,046	19.18	2,014,153	23.77
Hotel, Food and Beverage Services	93,430	1.05	31,128	0.37
Transportation and Telecom.	481,137	5.40	503,573	5.94
Financial Institutions	18,929	0.21	344,148	4.06
Real Estate and Renting Services	71,475	0.80	8,078	0.10
Self-Employment Type Services	232	0.00	-	0.00
Educational Services	25,953	0.29	1,327	0.02
Health and Social Services	412,431	4.63	213,863	2.52
Other	**566,045**	**6.36**	**1,101,873**	**13.00**
Total	**8,913,959**	**100.00**	**8,471,915**	**100.00**

	Prior Period			
	TL	%	FC	%
Agriculture	**75,932**	**1.02**	**29,596**	**0.67**
Farming and stockbreeding	38,954	0.52	21,670	0.49
Forestry	36,978	0.5	7,926	0.18
Fishery	-	0	-	0
Manufacturing	**1,426,416**	**19.11**	**1,467,734**	**33.39**
Mining and quarrying	338,206	4.53	421,851	9.6
Production	774,486	10.37	1,006,187	22.89
Electricity, Gas, Water	313,724	4.2	39,696	0.9
Construction	**3,036,920**	**40.68**	**603,648**	**13.73**
Services	**2,346,149**	**31.43**	**1,466,554**	**33.36**
Wholesale and Retail Trade	1,314,073	17.6	729,169	16.59
Hotel, Food and Beverage Services	103,682	1.39	22,615	0.51
Transportation and Telecom.	475,975	6.38	363,945	8.28
Financial Institutions	18,502	0.25	226,343	5.15
Real Estate and Renting Services	52,713	0.71	27,995	0.64
Self-Employment Type Services	272	0	-	0
Educational Services	19,695	0.26	1,237	0.03
Health and Social Services	361,237	4.84	95,250	2.17
Other	**579,894**	**7.77**	**828,490**	**18.85**
Total	**7,465,311**	**100**	**4,396,022**	**100**

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3.1.5. Non-cash loans classified under Group I and II

Current Period	**Group I**		**Group II**	
	TL	**FC**	**TL**	**FC**
Letters of Guarantee (*)	7,566,294	3,376,955	252,197	167,699
Bills of Exchange and Bank Acceptances	1,044	112,639	-	-
Letters of Credit	10,875	4,380,274	3,067	126,904
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Securities (*)	827,674	70,962	13,600	-
Total	**8,405,887**	**7,940,830**	**268,864**	**294,603**

Prior Period	**Group I**		**Group II**	
	TL	**FC**	**TL**	**FC**
Letters of Guarantee (*)	6,724,723	2,551,225	268,049	44,636
Bills of Exchange and Bank Acceptances	4,503	34,535	1,000	958
Letters of Credit	14,424	1,649,067	-	21,531
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Securities (*)	409,241	94,070	43,371	-
Total	**7,152,891**	**4,328,897**	**312,420**	**67,125**

(*) As of 31 December 2021, there are 3. stage Letters of Guarantee amounting to TL 475,669 (December 31, 2020 – TL 402,572) and Other Guarantees and Bails amounting to TL 21 (31 December 2020 - TL 2).

3.2. Financial derivative instruments

	Trading Derivatives	
	Curent Period	**Prior Period**
Foreign currency related derivative		
Foreign Currency Related Derivative		
Transactions (I):	**72,522,170**	**84,075,081**
Currency Forwards-Purchases, sales	**4,662,241**	**2,735,214**
Currency Swaps-Purchases, sales	**67,859,929**	**81,339,867**
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Interest rate related derivative transactions (II):	-	-
Interest rates forwards-Purchase, sales	-	-
Interest rates swaps-Purchases, sales	-	-
Interest rates options-Purchases, sales	-	-
Interest rates futures-Purchases, sales	-	-
Other trading derivatives (III)	**87,602**	**12,274,248**
A. Total trading derivatives (I+II+III)	**72,609,772**	**96,349,329**
	-	-
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
		-
Total Derivatives Transactions (A+B)	**72,609,772**	**96,349,329**

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The Group enters into short-term swap transactions based on its market expectations and cash flow. These transactions are generally short-term and consist of foreign currency to foreign currency and foreign currency to Turkish Lira agreements. As of 31 December 2021, in the contracts the Group has entered in TL, US Dollars, Euros, British Pounds, Saudi Arabian Riyal, Russian Ruble, Silver and Gold currencies, the Bank has commitments to buy TL 1,439,007,000 USD 1,581,289,000, EUR 26,982,000, GBP 43,797,000, CHF 7,285,000 in return of selling commitments of TL 1,338,947,000 USD 264,511,000, EUR 2,051,366,000, GBP 63,000. (As of 31 December 2020 in the contracts the Group has entered in TL, US Dollars, Euros, British Pounds and Malaysian Ringite currencies, the Bank has commitments to buy TL 786,085, USD 3,290,068,000, EUR 71,021,000, GBP 44,126,000, SAR 56,279,000 and RUB 54,078,000 in return of selling commitments of TL 24,397,571 USD 530,027,000, EUR 2,268,647,000, GBP 29,000 and RUB 38,805,000).

3.3. Credit derivatives and risk exposures on credit derivatives

None.

3.4. Contingent liabilities and assets:

In accordance with decision of the Bank's Board of Directors numbered 1117 and dated 21 June 2011, recoverable foreign currency loan granting commitments to real and legal persons and who do not have the unconditional right to utilize these commitment has been translated into Turkish Lira and no longer followed as foreign currency commitments.

3.5. Explanations on custodian and intermediary services:

None.

3.6. Summary Information on the Parent Bank's Rating by the International Rating Institutions

Fitch Rating's October, 2020	**Notes**
Long-Term Issuer Default Rating	B+
Short-Term Issuer Default Rating	B
Local Currency Long-Term Issuer Default Rating	BB-
Local Currency Short-Term Issuer Default Rating	B
Financial Capacity Ratio	b+
Support Rating	4

4. Explanations and notes related to the statement of consolidated income

4.1 Information on profit share income

4.1.1 Information on profit share received from loans

	Current period		**Prior period**	
	TL	**FC**	**TL**	**FC**
Profit share on loans	**7,095,760**	**1,627,919**	**5,250,272**	**1,033,495**
Short term loans	2,244,092	388,760	1,117,394	200,101
Medium and long-term loans	4,539,776	1,170,754	4,085,874	831,630
Profit share on non-performing loans	311,892	68,405	47,004	1,764
Premiums received from resource utilization support fund	-	-	-	-
Total	**7,095,760**	**1,627,919**	**5,250,272**	**1,033,495**

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4.1.2 Information on profit share received from banks

	Current period		Prior period	
	TL	FC	TL	FC
The Central Bank of the Republic of Turkey	230,553	-	37,473	-
Domestic Banks	111,982	9,009	102,242	98
Foreign Banks	5,578	95,829	60,698	66,551
Branches and head office abroad	-	-	-	342
Total	**348,113**	**104,838**	**200,413**	**66,991**

4.1.3 Information on profit share income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	62,206	202,865	114,454	228,084
Financial Assets at Fair Value Reflected in Other Comprehensive Income	2,573,437	510,314	1,772,260	349,355
Financial Assets Valued Over Amortized Cost	121,909	133,495	51,580	186,632
Total	**2,757,552**	**846,674**	**1,938,294**	**764,071**

4.1.4 Information on profit share income received from associates and subsidiaries

	Current Period	Prior Period
Profit share income received from associates and subsidiaries	182	180

4.2 Information on profit share expenses

4.2.1 Information on the profit share given to the loans used

	Current period		Pirior period	
	TL	FC	TL	FC
Banks	**258,360**	**150,096**	**61,421**	**35,557**
The Central Bank of the Republic of Turkey	230,553	-	37,473	-
Domestic banks	23,751	3,464	22,052	4,506
Foreign banks	4,056	146,632	1,896	31,051
Branches and head office abroad	-	-	-	-
Other Institutions	-	355,772	-	337,447
Total	**258,360**	**505,868**	**61,421**	**373,004**

4.2.2 Profit share expense given to associates and subsidiaries

	Current Period	Prior Period
Profit share expenses given to associates and subsidiaries	1,079	1,034

4.2.3 Profit share expense paid to securities issued

31 December 2021; 884,948 TL (1 January – 31 December 2020: 365,387 TL).

4.3 Information on dividend income

	Current Perid	Prior Period
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Other	6,042	68
Total	**6,042**	**68**

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4.4 Distribution of profit share on funds based on maturity of funds

Current period	Profit Sharing Accounts							
Account name	**Up to 1 month**	**Up to 3 months**	**Up to 6 months**	**Up to 9 months**	**Up to 1 year**	**Above 1 year**	**Accumulated profit sharing accounts**	**Total**
Turkish Lira								
Collected funds from banks through current and profit share accounts	-	2	-	-	-	-	-	2
Real person's non-trading profit sharing account	1,226,974	1,402,886	67,492	-	76,345	98,608	2,438	2,874,743
Public sector profit sharing account	36	120	99	-	94	-	-	349
Commercial sector profit sharing account	85,602	122,762	2,230	-	2,081	1,430	-	214,105
Other institutions profit sharing account	16,142	24,530	2,528	-	517	67	-	43,784
Total	**1,328,754**	**1,550,300**	**72,349**	**-**	**79,037**	**100,105**	**2,438**	**3,132,983**
Foreign curency								
Banks	-	-	-	-	-	-	-	-
Real person's non-trading profit sharing account	64,389	103,445	8,458	-	14,783	18,359	87	209,521
Public sector profit sharing account	-	-	-	-	-	-	-	-
Commercial sector profit sharing account	5,899	11,199	387	-	209	52	-	17,746
Other institutions profit sharing account	451	1,905	6	-	7	-	-	2,369
Precious metal accounts	8,379	4,156	629	-	520	-	-	13,684
Total	**79,118**	**120,705**	**9,480**	**-**	**15,519**	**18,411**	**87**	**243,320**
Grand Total	**1,407,872**	**1,671,005**	**81,829**	**-**	**94,556**	**118,516**	**2,525**	**3,376,303**

Prior period	Profit Sharing Accounts							
Account name	**Up to 1 month**	**Up to 3 months**	**Up to 6 months**	**Up to 9 months**	**Up to 1 year**	**Above 1 year**	**Accumulated profit sharing accounts**	**Total**
Turkish Lira								
Collected funds from banks through current and profit share accounts	-	1	-	-	-	-	-	1
Real person's non-trading profit sharing account	552,292	816,805	51,283	-	61,964	93,576	1,358	1,577,278
Public sector profit sharing account	25	27	54	-	39	-	-	145
Commercial sector profit sharing account	47,506	91,317	4,310	-	1,795	1,324	-	146,252
Other institutions profit sharing account	5,484	12,324	967	-	440	115	-	19,330
Total	**605,307**	**920,474**	**56,614**	**-**	**64,238**	**95,015**	**1,358**	**1,743,006**
Foreign curency								
Banks	15	559	27	-	-	-	-	601
Real person's non-trading profit sharing account	42,018	81,687	9,074	-	10,000	14,125	25	156,929
Public sector profit sharing account.	-	-	-	-	-	-	-	-
Commercial sector profit sharing account	3,869	11,087	384	-	410	53	-	15,803
Other institutions profit sharing account	387	1,395	111	-	63	-	-	1,956
Precious metal accounts	8,614	6,313	845	-	791	-	-	16,563
Total	**54,903**	**101,041**	**10,441**	**-**	**11,264**	**14,178**	**25**	**191,852**
Grand Total	**660,210**	**1,021,515**	**67,055**	**-**	**75,502**	**109,193**	**1,383**	**1,934,858**

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4.5 Information on trading income/loss (Net)

	Current period	Pirior period
Net	**3,056,725**	**847,844**
Income	**140,437,301**	**61,984,441**
Gain on capital market transactions	87,941	74,885
Gain on derivative financial instruments	9,062,386	5,905,668
Foreign exchange profit	131,286,974	56,003,888
Losses (-)	**(137,380,576)**	**(61,136,597)**
Losses on capital market transactions	(31,305)	(29,857)
Losses on derivative financial instruments	(7,755,588)	(8,116,336)
Foreign exchange losses	(129,593,683)	(52,990,404)

4.6 Information on other operating income

The details of other operating income are presented below. There are no unusual items in the other operating income which materially affect the income of the Bank.

	Current Period	Prior Period
Reversal of prior period provisions	1,391,226	1,688,050
Income from sale of assets	40,443	-
Revenues from real estates sold under the lease certificate.	209,867	69,847
Income from the real estate sales' gains by rent certificates	5,656	8,052
Other Income	813,207	53,408
Total	**2,460,399**	**1,819,357**

4.7 Provisions for loan losses and other receivables of the Bank

	Current Period (*)	Prior Period (*)
Expected Credit Loss	**4,573,043**	**3,240,522**
12 month expected credit loss (Stage 1)	1,249,261	731,099
Significant increase in credit risk (Stage 2)	2,040,864	807,415
Non-performing loans (Stage 3)	1,282,918	1,702,008
Marketable Securities Impairment Expense	**15,264**	**22,488**
Financial Assets at Fair Value through Profit or Loss	15,264	22,488
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment losses from Associates, Subsidiaries and Jointly Controlled Entities	**-**	**-**
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (**)	**158,358**	**302,730**
Total	**4,746,665**	**3,565,740**

(*) Includes the provisions in the "Other Provision Expenses" line in the Income Statement.
(**) Includes free provisions that can be allocated from profit to be distributed to participation accounts according to provisions regulation.

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4.8 Information on other operating expenses

	Current Period	Prior Period
Provision for retirement pay liability (*)	38,768	26,065
Impairment expenses of tangible assets	-	1,095
Depreciation expenses of tangible assets	262,302	212,095
Impairment expenses of intangible assets	-	-
Depreciation expenses of intangible assets	71,232	82,155
Depreciation expenses of assets held for sale	-	-
Other operating expenses	606,886	493,978
Maintenance expenses	111,139	92,209
Advertisement expenses	79,303	46,007
Communication expenses	79,083	64,681
Stationery expense	43,817	10,437
Heating, electricity and water expenses	31,501	26,048
Vehicle expenses	14,137	9,328
Cleaning expenses	10,180	8,688
Leasing Expenses Related to TFRS 16 Exceptions	4,475	14,204
Other expenses	233,251	222,376
Losses on sales of assets	4,967	344
Deposit insurance fund expenses	429,377	320,386
Other	1,615,132	1,201,969
Total	**3,028,664**	**2,338,087**

(*) Includes the provisions in the" Personnel Expenses "line in the Income Statement.

According to the decision of POA dated March 26, 2021, the fee information for the reporting period for services received from the independent auditor or audit organization is given in the following table. These fees also include the audit fees of the Bank's subsidiaries. The fee information given in the table is excluding VAT.

Current Period	**Independent audit services provided by the group auditor**	**Independent audit services provided by other Independent Audit companies**
Independent audit fee for the reporting period (*)	6,846	225
Fees for tax consulting services	-	-
The cost of other assurance services	1,274	-
The cost of other services outside the independent audit	-	-
Total	**8,120**	**225**

Prior Period	**Independent audit services provided by the group auditor**	**Independent audit services provided by other Independent Audit companies**
Independent audit fee for the reporting period (*)	3,834	343
Fees for tax consulting services	-	-
The cost of other assurance services	944	-
The cost of other services outside the independent audit	-	-
Total	**4,778**	**343**

(*) The Bank's foreign currency exchange purchase valuation rates were used for foreign currency independent audit fees at the end of the period 31 December 2021 / 31 December 2020.

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4.9 Information on profit/loss from continued and discontinued operations before taxes

Income before tax amounting to TL 4,652,770 increased by 105,47% as compared to the prior period (1 January - 31 December 2020 – TL 2,264,486). Income before tax includes TL 8,067,748 (1 January - 31 December 2020 – TL 6,535,122) net profit share income and TL 508,093 (1 January - 31 December 2020 – TL 261,839) net fees and commission income. Other operating expense amount is TL 3,028,664 (1 January - 31 December 2020 – TL 2,312,022).

4.10 Information on tax provision for continued and discontinued operations

Current period tax provision for the period amounting to TL 2,139,603 (1 January-31 December 2020 - TL 826,371), deferred tax income of TL 155,118 (1 January-31 December 2020 - TL 187,277) and TL 1,015,618 (1 January-31 December 2020 - TL 462,030) deferred tax income is recognized.

4.11 Information on net income/loss from continued and discontinued operations

There is no income or loss for discontinued operation in net operating income after tax.

4.12 Information on net income/loss

4.12.1 The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Group's performance for the period: As of 31 December 2021, net profit share income is TL 8,067,748 (1 January-31 December 2020 – TL 6,535,122), net fees and commission income is TL 508,093 (1 January-31 December 2020 – TL 261,839).

4.12.2 Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods:

None (1 January – 31 December 2020 – None).

4.12.3 Profit/Loss attributable to minority interest

	Current Period	Prior Period
Profit/(Loss) attributable to minority interest	18,175	(33,270)

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4.13 Details of sub accounts comprising at least 20% of other items in income statement, exceeding 10% of total income statement:

As of 31 December 2021, other fees and commissions received is TL 1,115,473 (1 January - 31 December 2020 – TL 725,542), TL 312,322 of this amount is related with credit card fees and commissions (1 January – 31 December 2020 – TL 147,028) and TL 198,049 of this amount is related with POS machine commissions (1 January – 31 December 2020 -118,516 TL).

As of 31 December 2021, other fees and commissions given is TL 748,678 (1 January – 31 December 2020 – TL 588,668), TL 242,607 (1 January – 31 December 2020 – TL 111,537) of this amount is related with POS clearing commissions and installation expenses, TL 76,380 (1 January – 31 December 2020 – TL 38,445) of this amount is related with fees and commissions paid for credit cards

5. Explanations and Disclosures Related to Statement of Consolidated Equity

5.1 There are no disclosed dividend amounts subsequent to the balance sheet date, prior to the presentation of the financial statements. Decision on the dividend distribution will be made in the General Assembly. However, the General Assembly has not been held as of the date when the accompanying financial statements are finalized.

5.2 In the current year, the Parent Bank made dividend payments amounting to TL 9,132 to members of Board of Directors. In the Ordinary General Assembly meeting held in 25 March 2021 it has been decided that TL 70,927 would be transferred to legal reserves, TL 1,319,715 would be transferred to extraordinary reserve, TL 507 would be transferred to other reserves.

6. Explanations and Disclosures Related to Statement of Cash Flows

6.1. Information on consolidated cash and cash equivalents:

6.1.1. Components of cash and cash equivalents and accounting policy applied in their determination:

"Cash" is defined as cash in vault and foreign currency cash, cash in transit, checks purchased, unrestricted amount in the Central Bank and demand deposits in Banks. "Cash equivalents" is defined as money market placements, investments in securities and time deposits in banks with original maturity less than three months.

6.1.1.1.Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
Cash	**13,995,430**	**19,216,292**
Cash in TL/foreign currency, others	6,624,877	10,784,364
Demand deposits at banks (Up to 3 months)	7,370,553	8,431,928
Cash Equivalents	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
Total cash and cash equivalent	**13,995,430**	**19,216,292**

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6.1.1.2. Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	**39,187,590**	**13,995,430**
Cash in TL/foreign currency, others	23,083,222	6,624,877
Demand deposits at banks (Up to 3 months)	16,104,368	7,370,553
Cash Equivalents	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
Total cash and cash equivalent	**39,187,590**	**13,995,430**

6.2. Cash and cash equivalent items which are restricted for the usage of the Parent Bank by legal or other limitations

None (31 December 2020 – None).

6.3. Explanations on other items in the cash flow statement

"Other items" amounting to TL (3,186,043) (1 January-31 December 2020: TL (2,332,109)) in "Operating profit before changes in operating assets and liabilities" consists of fees and commissions paid and other operating expenses except for collection from non-performing loans and personnel expenses.

"Net increase/decrease in other liabilities" amounting to TL 13,819,193 (1 January-31 December 2020: TL 2,473,519) in "Changes in operating assets and liabilities" consists of changes in sundry creditors, other liabilities and taxes and other duties payables.

"Net increase/decrease in other assets" amounting to TL (5,119,157) (1 January-31 December 2020: TL (9,559,006)) in "Changes in operating assets and liabilities" consist of changes in prepaid rent expense and other asset.

6.4. Effects of the change in foreign currency rates on cash and cash equivalents

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately TL 27,297,784 as of 31 December 2021 (31 December 2020 – TL 5,637,262). The effects of the change in foreign currency rates on cash and cash equivalents is calculated according to multiplying fx difference between balance sheet date and cash entered date and related cash amount.

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7. Explanations and notes related to risk group of the Parent Bank:

7.1 The volume of transactions related to the risk group of the Parent Bank, the loans and funds collected which have not been completed at the end of the period and the income and expenses related to the period

Current period:

Risk group of the Group (*)	Investment in associates, subsidiaries and joint ventures (business partnerships		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	169	16,291	4,695	6,709	54,992	6,632
Balance at end of period	193	28,603	6,955	21,246	64,315	2,297
Profit share and commission income	-	182	526	145	4,361	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

Prior period:

Risk group of the Group (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	182	18,827	1,868	7,206	780,512	723
Balance at end of period	169	16,291	4,695	6,709	54,992	6,632
Profit share and commission income	-	180	258	85	5,263	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

7.1.1 Information on current and profit sharing accounts of the Parent Bank's risk group

Risk group of the Group (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Current period	Current period	Current Period	Current period	Current period
Current and profit sharing accounts						
Balance at beginning of period	24,405	54,178	58,677	151,321	203,570	137,061
Balance at end of period	28,489	24,405	104,748	58,677	348,052	203,570
Profit share expense	1,079	1,034	980	852	265	271

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411

7.1.2 Forward and option agreements and other similar agreements with the risk group of the Parent Bank

Risk group of the Group (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Transactions at Fair Value through Profit or Loss						
Balance at beginning of period	-	-	716,065	607,498	-	-
Balance at end of period	-	-	1,992,498	716,065	-	-
Total Profit / Loss	-	-	(2,476)	(13,619)	-	-
Hedging Transactions						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

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7.1.3 Information on loans received from the Parent Bank's risk group

Risk group of the Group	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Borrowings						
Balance at beginning of period	-	-	1,481,347	68,696	-	-
Balance at end of period	-	-	270,055	1,481,347	-	-
Profit share expense	-	-	4,641	41	-	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411

7.1.4 Information on subordinated loans used by the Parent Bank from the risk group

Subordinated additional capital (Tier-I) sukuks amounting to USD 200,000,000 (full amount) executed by the Parent Bank on July 16, 2019 and USD 50,000,000 (full amount) executed by the Parent Bank on 28/09/2020 are provided by Kuwait Finance House. Kuwait Finance House owns USD 35,000,000 (full amount) of the subordinated additional capital (Tier-II) sukuk amounting to USD 350,000,000 (full amount) executed by the Parent Bank on September 16, 2021.

7.2 Information on remunerations provided to top management

As of 1 January - 31 December 2021, the Group has paid TL 107,497 to top management (1 January - 31 December 2020 TL 85,244).

8. Domestic, foreign and off-shore branches or equity investments and foreign representative offices

8.1. Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees			
Domestic branches (*)	442	4,098			
			Country		
Foreign representative offices			-	Total Assets (Thousands, TL)	Legal Capacity (USD)
Foreign bank	5	117	Germany	12,973	45,982,036
Off-shore branches	1	3	Bahrain	13,807	-
Foreign branches	-	-	-	-	-

(*) The personnel working at Headquarters, Operation Center and Region quarters are not included in the domestic branches personnel number.
(**) Bahrain Branch is controlled by the Central Bank of Bahrain and the total of Assets is 13,807,219 Turkish lira as of 31 December 2021.

8.2. Opening or closing of domestic and foreign branches and representative offices and significant changes in organizational structure

In 2021, 7 new domestic branches (2020 - 4 branches) were opened. The Group does not have any domestic or foreign branches that were closed in 2021 (2020- None).

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9. Significant events and matters arising subsequent to balance sheet date

Parent Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on January 05, 2022 with a nominal value of TL 100,000 and a maturity of 77 days with a cost of 17.51%.

Parent Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on January 5, 2022 with a nominal value of TL 300,000 and a maturity of 77 days with a cost of 17.26%.

Parent Bank KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on January 12, 2022 with a nominal value of TL 600,000 and a maturity of 84 days with a cost of 17.75%.

Parent Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on January 13, 2022 with a nominal value of TL 200,000 and a maturity of 95 days with a cost of 13.81%.

Parent Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on January 14, 2022 with a nominal value of TL 150,000 and a maturity of 84 days with a cost of 17.75%.

Parent Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on January 26, 2022 with a nominal value of TL 425,000 and a maturity of 84 days with a cost of 17.75%.

Parent Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on January 27, 2022 with a nominal value of TL 300,000 and a maturity of 89 days with a cost of 18.25%.

Parent Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on February 2, 2022 with a nominal value of TL 60,000 and a maturity of 85 days with a cost of 17.26%.

Parent Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on February 3, 2022 with a nominal value of TL 250,000 and a maturity of 85 days with a cost of 13,81%.

Parent Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on February 4, 2022 with a nominal value of TL 300,000 and a maturity of 82 days with a cost of 17.75%.

Parent Bank, KT Leasing Certificates Varlık Kiralama A.Ş. has issued sukuk on February 16, 2022 with a nominal value of TL 200,000 and a maturity of 70 days with a cost of 17.66%.

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SECTION SIX

OTHER EXPLANATIONS

1. Other matters which must be explained in terms of explicitness, interpretability and understandability of the balance sheet: None.

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

1. Explanations audit report

The consolidated financial statements have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and the independent auditors' report dated 21 February 2022 is presented preceding the financial statements.

2. Notes and disclosures prepared by the independent auditor

None.

Contact Information and Branch Directory

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E-Mail	: musterimemnuniyeti@kuveytturk.com.tr
Trade Registry No	: 250489
Mersis No	: 0600002681400074
Call Center	: 444 0 123 / 0850 251 0 123

LOCAL BRANCH DIRECTORY
Kuveyt Türk's branch network is composed of 442 branches in total, 441 in Turkey and one in Bahrain.

Detailed information about the local branches can be found by clicking on the following link to the Bank's website.

https://www.kuveytturk.com.tr/en/branches-and-atms

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KUVEYTTÜRK
PARTICIPATION BANK INC.

KUVEYTTÜRK ANNUAL REPORT 2021

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