

A new era in sustainable banking



VakıfBank

Integrated Annual Report 2021

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We blend sustainability with our integrated approach and place it at the center of our business model. We have continued to create value for inclusive and sustainable development for 67 years. We measure the social and environmental impacts of our activities and work for a better future.

In 2021, we have merged our sustainability studies into one framework. We strive to fulfill our sustainability commitments. To make our efforts in this field more visible, we have delivered our “Sustainable Banking” logo to our branches in 81 cities.



Sustainable banking

We place sustainability at the center of our business model. We established the Sustainability Committee in 2021 with the belief that faster decision-making will add dynamism to our sustainability journey.



Environmental banking

In addition to the resources we provide, we also adopt a responsible and green financing approach in the projects we finance. We prioritize environment-friendly projects, energy efficiency, and renewable energy projects. In addition, we make significant efforts to accomplish our annual targets of a 2% decrease in energy, natural gas, water and paper consumption, and total carbon and greenhouse gas emissions.



Digital banking

We believe that digitalization has a strong effect on sustainability and that digital transformation serves as an important leverage for the creation of sustainable value. We are a pioneering bank, which encodes and develops its banking software with its resources. At our R&D center, we work with an innovation-focused approach.



Responsible **banking**

We're developing important social responsibility projects that will add value to society and the world. With our investments in infrastructure, we have contributed to the education of more than 3 thousand girls so far to introduce talented young people to the world of sports. In addition, we are offering high-quality works to the world of culture with the VakıfBank Culture Publications. At the Science and Art Education Centers (BILSEM), we help 20 thousand children with special talents to discover their talents and exploit them at the highest level possible.

ABOUT THE REPORT

WE, AS TÜRKİYE VAKIFLAR BANKASI T.A.O. (VAKIFBANK), **HEREBY PRESENT OUR PERFORMANCE AND FUTURE PROJECTIONS IN CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL FIELDS IN ADDITION TO OUR FINANCIAL DATA TO OUR STAKEHOLDERS WITHIN THE SCOPE OF OUR INTEGRATED ANNUAL REPORT 2021.**

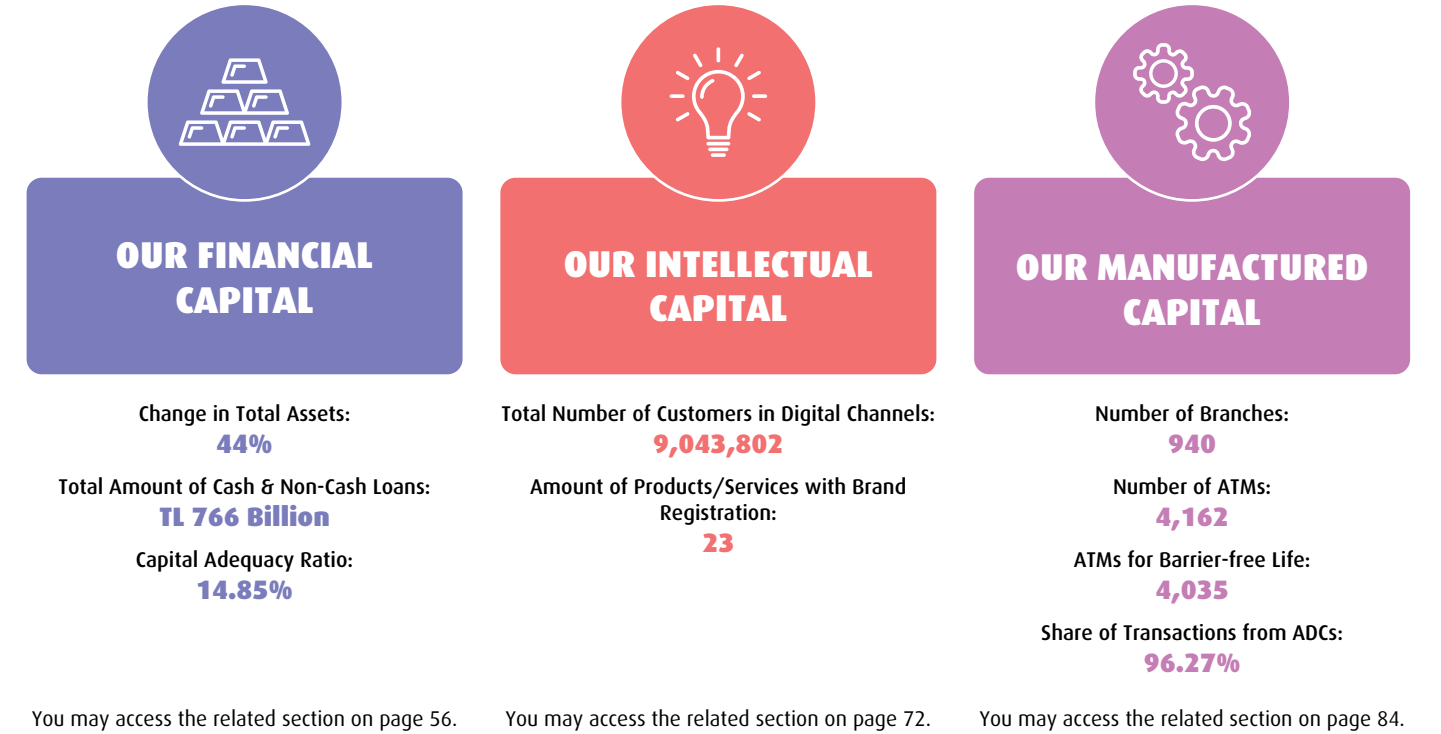
We, as Türkiye Vakıflar Bankası T.A.O. (VakıfBank), hereby present our performance and future projections in corporate governance, environmental and social fields in addition to our financial data to our stakeholders within the scope of our Integrated Annual Report 2021, covering the period between January 1 and December 31, 2021.

This report has been prepared in accordance with GRI Standards: the "Core" option. In addition, in our Integrated Annual Report, we have taken into account the Integrated Reporting Framework published by the Value Reporting Foundation. We shared our value creation model, our activities, and the performance improvement by grouping our material topics and capital elements in accordance with this framework.

Also, we benefited from Sustainability Accounting Standards Board's (SASB) Provisional Standard for Commercial Banks and the GRI Financial Services Sector Supplement. Unless otherwise stated, the data represents the banking activities of VakıfBank conducted in all of the service units in Turkey and abroad.

In addition, our report includes the United Nations Global Compact (UNGC) Communication on Progress and the UN Women's Empowerment Principles (UN WEPs) Progress Report of which we are signatories. In our report, in which we also benefit from the guidance of the UN Sustainable Development Goals (SDGs), there is a table showing our climate-related statements within the scope of the recommendations of The Task Force on Climate-related Financial Disclosures (TCFD).

Please send your questions, comments and suggestions about the report to vbsurdurulebilirlik@vakifbank.com.tr



MESSAGE FROM THE CHAIRMAN

IN 2021, THE TURKISH ECONOMY **ENTERED THE RECOVERY PROCESS THANKS TO THE PROACTIVE POLICIES IMPLEMENTED UNDER THE LEADERSHIP OF THE ECONOMY ADMINISTRATION.**

Dear Stakeholders,

In 2021, the main agenda items of global financial markets were sustainability, the combat against climate change, and green financing. With sustainability at the heart of our corporate strategy, we joined the Task Force on Climate-Related Financial Disclosures (TCFD) last year and realized the first sustainable syndicated loan transaction in the history of our bank. I am delighted to present to you, our valuable stakeholders, the Integrated Annual Report that we prepared at international standards in line with this vision.

In 2021, vaccination efforts that gained momentum in many parts of the world and easy access to vaccines helped fight the pandemic effectively. However, the pandemic-related variants that emerged in the second quarter of the year and their spread rate increased the global risk perception. The increasing global inflation pressure has prompted the central banks of developed countries to take tightening steps in their monetary policies. Within this context, as the US Federal Reserve (the Fed) decided in December 2021 to reduce its asset purchase program, following the first meeting of the year held in January 2022, Fed President Jerome Powell announced that they have plans to increase the interest rate in March 2022. At the same time, Christine Lagarde, President of the European Central Bank (ECB), expressed her worries about rising inflation, raising expectations that the ECB will go for an increase in interest rates in 2022. The Bank of England (BoE) became the first institution to increase interest rates among the central banks of developed countries following the decision to increase interest rates in the last month of 2021 and raised interest rates by 25 base points in February for the second time. All these indicators suggest that we are at the end of policy interest rates being at historic low levels.

Meanwhile, the Turkish economy entered a recovery period in 2021 thanks to the proactive policies implemented under the leadership of the economic administration. The capacity utilization rate in the manufacturing industry surpassed the pre-pandemic period and reached from 78.7% to 75.4% at the beginning of 2021. Our exports also reached the historical peak, reaching USD 225.4 billion with a 32.9% increase year-on-year. Last year, fixed capital investments also increased with direct support to producers and households and incentives provided to industrialists and entrepreneurs. At the same time, Turkey's economy has passed a successful year, with the boost from the tourism season, which has been a positive one due to the easing of restriction measures. I expect our country's economy to continue on its path with policies that support investment, production, manufacturing, employment, and exports in the coming year.

The banking sector, which contributed the most to the growth of the Turkish economy, left behind a year of achievements. As of the end of 2021, the asset size of the industry grew by 51% year on year, reaching TL 9,213 billion. Total cash and non-cash loans increased by 44% compared to last year, reaching TL 6,670 billion. The total deposits, the biggest funding source for the sector, increased by 53% to TL 5,303 billion. The Turkish Banking Sector preserved its strong capital structure in 2021 as well. The sector's capital adequacy ratio was 18.34%.

We, VakıfBank, continued our support for the investment, employment, and manufacturing climate of Turkey's economy in 2021, which has been the case for 67 years. Increasing its total assets to TL 1,007 billion, our bank maintained its position as the second-largest bank in Turkey. Loans contributed the most to asset growth. Our bank's support to the national economy through cash and non-cash loans reached TL 766 billion.

VakıfBank will, as always, be in the forthcoming period alongside our entrepreneurs, tradesmen, farmers, and employees and will continue to support the sustainable and strong growth of Turkey's economy. I would like to take this opportunity to thank our customers, shareholders, and investors who have trusted us, our employees who have made great efforts in our success, and all our other stakeholders for their contributions.

Yours sincerely,

Mustafa SAYDAM
Chairman of the Board

**OUR TOTAL CASH AND
NON-CASH LOANS
REACHED TL 766 BILLION.**



MESSAGE FROM THE GENERAL MANAGER

WE CONTINUED TO BE THE SECOND LARGEST BANK IN TURKEY.

Dear Stakeholders,

The Covid-19 pandemic, which has had a profound impact on areas such as health, social life, trade, and education, remained on the global agenda throughout 2021. Although the increased vaccination rate and gradual normalization practices reduced global economic concerns, Delta and Omicron variants kept the concerns about the pandemic alive. Meanwhile, rising inflation has impacted the monetary policy decisions of developed countries' central banks and the course of global markets. The Fed and the European Central Bank (ECB) did not change interest rates during their December meetings but announced that they plan to terminate asset purchase programs initiated during the pandemic period in 2022. The recovery of global economies experienced in 2021, despite a rise in inflation, was both due to supporting policies and the base effect. During this period, the US economy grew 5.7%, while the Eurozone economy grew 5.2%.

In terms of production, growth, and employment, the Turkish economy, on the other hand, stood out from many developed and developing countries, thanks to both effective vaccination efforts and selective economic policies implemented during this period. As a result, our country's economy grew by 11% in 2021.

The Turkish Banking Sector continued to support the national economy during this period. As of the end of 2021, the asset size of the banking sector increased by 51% and reached TL 9,213 billion. The capital adequacy standard ratio, which is one of the most important robustness indicators of the sector, was well above the legal limits. In the coming period, the Turkish Banking Sector will continue to contribute to the national economy with its high capital adequacy ratio, strong liquidity structure, and effective balance sheet management.

VakıfBank has continued to support the Turkish economy during this period. Our asset size increased by 44% to TL 1,007 billion in this period thanks to our effective balance sheet management, and we maintained our position as the second-largest bank in Turkey. Loans contributed the most to asset growth. In this period, we increased our cash loans by 36% to TL 574 billion. Thus, we provided TL 766 billion in support to the economy through cash and non-cash loans. In this period, we placed particular importance on supporting the companies' activities in terms of production, investment, and export. With the financing support we provided, we aimed to improve both the production and investment environment and contribute to employment growth. In this direction, we increased our commercial loans by 43% to TL 449 billion by the end of 2021. On the other hand, we have continued our support to households without interruption during this period. We stood by them with our innovative products and services. In this context, support for households exceeded TL 124 billion.

In 2021, deposits continued to be the main source of funding. In line with our widespread deposit strategy, we have increased our deposits by 43% to TL 591 billion. We have come a long way and in addition to total deposits, we particularly increased our demand deposits by 81% in this period. In December 2021, we offered our customers the Currency-Protected TL Term Deposit Account and the Currency Conversion-Currency Protected TL Term Deposit Account, as a financial alternative for our citizens looking to address their concerns about the increase in the exchange rate, while utilizing their savings. With the products and services we have diversified and developed, we will continue to increase our deposit volume in the coming period on the one hand and increase the number of our deposit customers on the other hand.

Despite the difficult market conditions caused by the pandemic that has affected the entire world, we have secured a total of USD 5.4 billion in new funding from international markets in 2021. We signed a total of USD 1.1 billion sustainable syndicated loan agreement in April 2021. After this renewal, which is the first sustainable syndicated loan of our bank, we secured a new sustainable syndicated loan of USD 650 million in November. By the end of 2021, we became the bank with the most sustainability-themed resources in terms of funding structure. In the upcoming period, we will continue to be active in the international markets with the long-term and affordable resources we provide.

In 2021, we have undertaken several activities to facilitate our customers' access to financing while at the same time maximizing customer experience and satisfaction. We believe that digital transformation serves as leverage in our sustainable value creation. In this period, we quickly and safely implemented the remote customer application. In this context, we have achieved the acquisition of 74 thousand new individual customers. We also acquired 1.2 million new digital customers during this period. We moved transactions like increasing the money transfer limit, obtaining a password, changing account transaction type, and activation, which are among the most frequently performed transactions through branches and call center, to VakıfBank Mobile, aiming to provide our customers with the best mobile experience possible.

With our "digital facilitator" approach, we have continued to create digital solutions for our customers. In this context, we launched VBanko Cheque Digital in June 2021 to support the trust environment in trade by guaranteeing the value of cheques. With VBanko Cheque Digital, which is a special cheque, we have guaranteed more than the legal liability amount, offering digital convenience by showing the guarantee amount and maturity of the cheque with a simple click.



We are continually increasing our digital capacity, digital intelligence, and knowledge. We aim to make a difference in the industry with the technologies that we have developed, regarding the needs of our customers. In 2021, we completed the development of our Bank's innovation, "Vinov." With Vinov, our customers can make their future payments and collections reliably through digital channels under the VakıfBank guarantee. With Vinov, which we define as the next banking, we aim to eliminate the risk of collections and payments on the market and create a new ecosystem that would contribute to increased trade volume.

In 2021, Turkey signed the Paris Climate Agreement, which has the goal of limiting global temperature increase to 1.5°C by the end of this century. In this context, we continue to work in tandem with our country's objectives to effectively manage climate-related risks and opportunities while also contributing to sustainable financing.

As VakıfBank, we continue to consistently support the principles contained in the United Nations Global Compact, the world's biggest corporate

sustainability initiative, which we signed in 2019. We attach great importance to the contribution made to the Sustainable Development Goals in all our activities. In addition, we regularly report our climate change strategy, risks, and performance to the Carbon Transparency Initiative. We also plan to participate in the CDP Water Program in 2022. Within this context, we aim to do our best in terms of water safety by reducing our water footprint. In 2021, we were one of the banks that provided support to the Task Force on Climate-Related Financial Disclosures (TCFD).

We are also working on social gender equality, which is one of our primary Goals for Sustainable Development. We aim to maintain a working environment where equality and business peace prevail by taking the necessary measures to ensure all our women and men employees' health, safety, and well-being. We were chosen for the third time with a higher score in the Bloomberg Gender Equality Index (Bloomberg GEI) in 2021, which performs the greatest gender equality research on a global scale, and became one of four banks from Turkey to be included in this index. We aim to remain among the leading banks in the field of sustainability in the coming period as well.

In the 2021 FIVB World Club Championships, VakıfBank Sports Club, our longest-running social benefit project, triumphed once again, showcasing what Turkish women can achieve on the international stage. After that, we will continue to strive for sustainable success in volleyball, as in banking.

At VakıfBank, we will endeavor to create and further increase this value in every area from the economy to social life and from our employees to the environment in the coming period. By this means, I would like to express my sincere gratitude to our customers and shareholders who have trusted us in 2021, to our employees who have made great efforts in our success, to our Board of Directors who have never withheld their support, and to all our other stakeholders for their contributions.

Yours sincerely,

Abdi Serdar ÜSTÜNSALÎH
General Manager

VAKIFBANK IN BRIEF

Paid-in Capital

3,906

TL MILLION

Number of Employees

16,929

Number of Domestic Branches

936

Number of Foreign Branches

4

Number of Subsidiaries and Affiliates

26

Title	Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Date of Incorporation	April 13, 1954
Headquarters	Istanbul
Paid-in Capital	TL 3,905,622,490
Number of Employees	16,929
Number of Domestic Branches	936
Number of Foreign Branches	4
Number of Subsidiaries and Affiliates	26
Independent Audit Company	Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi a member firm of Ernst&Young Global Limited
Address	Türkiye Vakıflar Bankası T.A.O. Genel Müdürlüğü Saray Mahallesi Adnan Büyükdeniz Caddesi No: 7/A-B Ümraniye / Istanbul - TURKEY
Phone	(+90 0216) 724 10 00
Fax	(+90 0216) 724 39 09
Website	http://www.vakifbank.com.tr
E-mail	vakifbank@hs01.kep.tr

VAKIFBANK'S CORNERSTONES



Our Mission

Continuously increasing the value created for customers, employees, shareholders and society by managing its assets and the values entrusted with in an effective and efficient manner with the strength of its foundation culture.

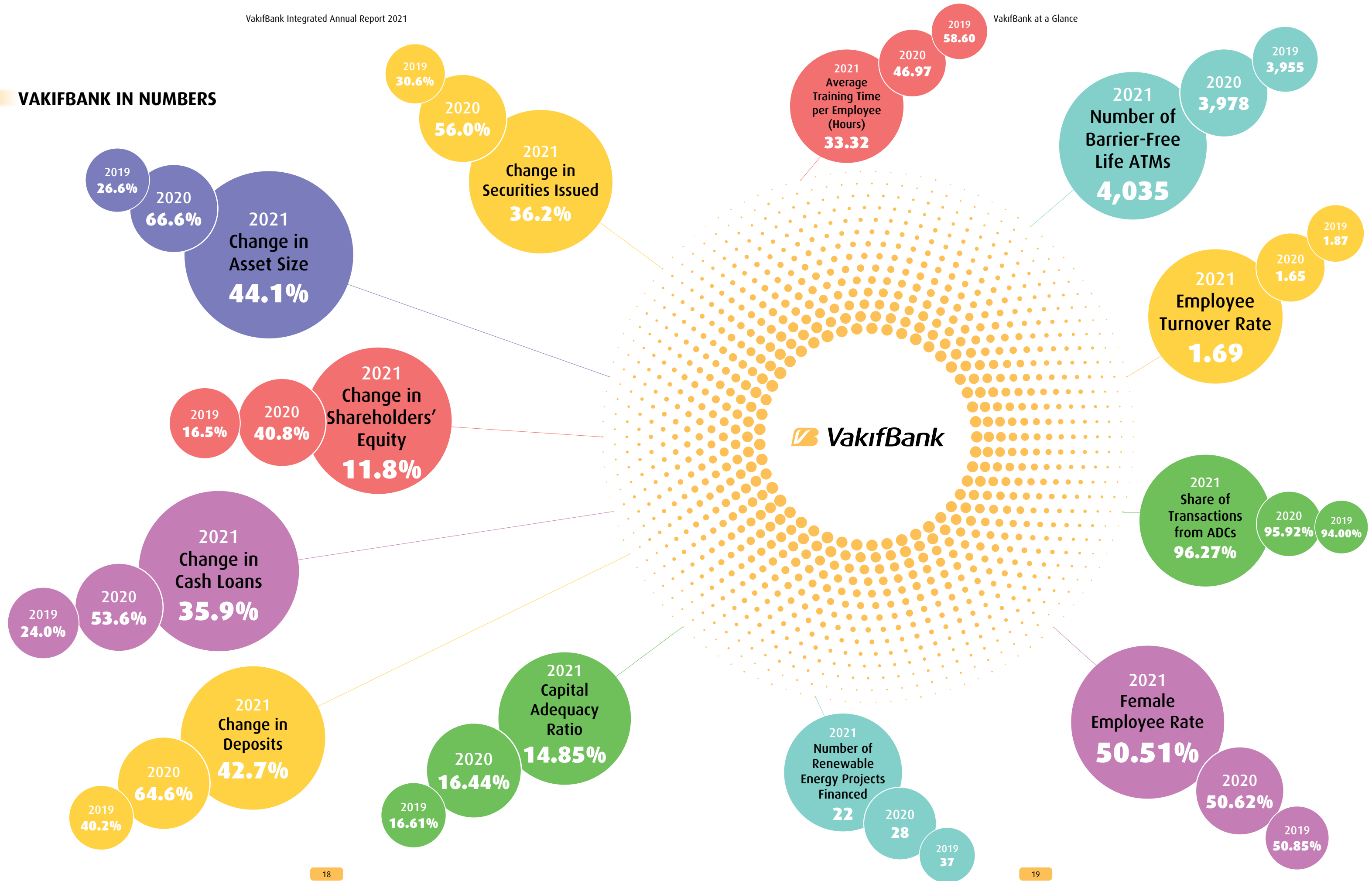
Our Vision

Being Leader Bank of Strong Turkey

Our Core Values

- Reliability
- Social responsibility
- Result oriented
- Customer oriented
- Innovative approach
- Team spirit
- Loyalty
- Leadership

VAKIFBANK IN NUMBERS



HISTORY AND OWNERSHIP STRUCTURE

TURKEY’S SECOND LARGEST BANK IN TOTAL ASSETS

Our Bank was established with the Law numbered 6219 dated January 11, 1954, with a capital of TL 50 million to utilize the assets of foundations in the most efficient manner, to contribute to the savings of the country with the management and working understanding required by modern banking, and to use the collected savings in accordance with the needs of economic development. Our Bank, which is subject to the provisions of private law, started its operations on April 13, 1954. Since then, we continue to make important contributions to the growth and development of the country’s economy, and we represent a well-established tradition and experience in our country’s banking system.

In addition to providing core banking products and services, we also conduct investment banking and capital markets operations. We also deliver a wide range of financial services including financial leasing and factoring through our financial subsidiaries with advanced technologies.

With our leading stance in international capital markets, we continue our work without slowing down and continue to focus on long-term and cost-effective funding alternatives under various structures.

Also, we play an important role in the Turkish financial sector as an important corporation with our contributions to sports and culture and arts for many years with social responsibility awareness.

Türkiye Vakıflar Bankası T.A.O. Ownership Structure and Changes

The shareholding structure of the Parent Bank is as follows as of December 31, 2021

Shareholder - December 31, 2021	Number of Shares (Hundred per share)	Capital (TL Thousand)	Share Capital (%)
Republic of Türkiye Ministry of Treasury and Finance (Group A)	1,075,058,640	1,075,058	27.52
Republic of Türkiye Ministry of Treasury and Finance (Group B)	387,673,328	387,673	9.93
Other Appendant Foundations (Group B)	2,591,250	2,591	0.07
VakıfBank Pension Fund (Group C)	402,552,666	402,553	10.31
Individuals and Legal Entities (Group C)	1,527,393	1,528	0.04
Turkey Wealth Fund (Group D)	1,405,622,490	1,405,622	35.99
Free Float (Group D)	630,596,723	630,597	16.14
TOTAL	3,905,622,490	3,905,622	100.00

Information on the Bank’s Qualified Shareholders

Name Surname / Title	Share Amount (Nominal)	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Republic of Türkiye Ministry of Treasury and Finance (Group A)	1,075,058	27.52	1,075,058	-
Republic of Türkiye Ministry of Treasury and Finance (Group B)	387,673	9.93	387,673	-
VakıfBank Pension Fund (Group C)	402,553	10.31	402,553	-
Turkey Wealth Fund (Group D)	1,405,622	35.99	1,405,622	-

- Shares Owned by the Chairman, Board Members, General Manager and Executive Vice Presidents

Compliance with the “Guide on Best Remuneration Practices at the Banks” published by the Banking Regulation and Supervision Agency (BRSA) was completed on 01.01.2020.

Senior management and personnel considered to be performing a function that has a significant impact on the Bank’s risk profile are considered special employees. You can find the explanations made within this scope at <https://www.kap.org.tr/en/Bildirim/906348> and <https://www.kap.org.tr/en/Bildirim/950876>

- Disclosures Made to Borsa Istanbul within the Context of Informing Shareholders

Pursuant to the CMB Communiqué on Material Events Disclosure (II-15.1), the Bank recorded 343 material event disclosures in 2021 on issues affecting the Bank and its operations. These disclosures were concurrently published on the Public Disclosure Platform (<https://www.kap.org.tr/en/>) and the Bank’s website (<https://www.vakifbank.com.tr/recent-news.aspx?pageID=624>)

AMENDMENTS TO THE ARTICLES OF INCORPORATION

No changes were made in our Bank’s Articles of Incorporation in 2021. You may access the Bank’s Articles of Incorporation at <https://www.vakifbank.com.tr/documents/pdf/200619-VakifBank%20Articles%20of%20Incorporation.pdf>

AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING

TÜRKİYE VAKIFLAR BANKASI T.A.O. AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING DATED MARCH 25, 2022

- 1. Opening and the formation of the Presidency Council,
- 2. Reading and discussing the 2021 Board of Directors’ Annual Report, Audit Board Report, and Auditor’s Report,
- 3. Reading, discussion and approval of 2021 financial statements,
- 4. Discharge of the Board Members regarding the 2021 activities,
- 5. Submitting the Board of Directors’ proposal on 2021 profit distribution and means of use to the approval of the General Assembly,
- 6. Election of Members of the Board of Directors,
- 7. Election of Members of the Audit Board,
- 8. Determination of financial benefits for the Board Members and Audit Board Members,
- 9. Authorizing the Board Members for matters under the Articles 395 and 396 of the Turkish Commercial Code,
- 10. Election of the Auditor,
- 11. Informing the General Assembly about the transactions regarding the withdrawal of bank shares from the exchange,
- 12. Informing shareholders about the donations made during the year,
- 13. Informing shareholders about the sustainability activities,
- 14. Wishes and closing remark.

PROFIT DISTRIBUTION POLICY

Türkiye Vakıflar Bankası T.A.O. Profit Distribution Policy

Issues regarding VakıfBank’s profit distribution are regulated in Article 9 of VakıfBank’s Law No.6219 and Article 35 of the Articles of Incorporation. According to this, from the annual profit of the Bank, the following amounts shall be distributed to:

- a) 5% to the ordinary reserve up to the amount of paid-in capital,
- b) 5% to the first extraordinary reserve,
- c) 9% to the employees as dividend premium to be distributed within the principles determined by the Board of Directors as limited to three months gross salary of the employee,
- d) To the second extraordinary reserve from the remaining balance in the amount that will be determined by the General Assembly in case of a necessity for the Bank to continuously improve and to provide its steady profit distribution or reinstate the assets according to Article 523/2 of the Turkish Commercial Code.

The remaining ordinary reserve is allocated for the possible losses that will occur in the future and first extraordinary reserve is allocated to retrieve the extraordinary losses of the Bank.

The General Assembly can decide to use the second extraordinary reserve for reinstating the assets or continuous improvement of the Bank and providing its steady profit distribution. Meanwhile, it can be also decided to use the excess capital from the capital increase partially or totally in this sense.

In the profit distribution, a balanced policy is pursued between the benefits of the shareholders and the partnership.

VakıfBank determines its profit distribution policy by considering the compliance of the Banking Regulation and Supervision Agency and meeting the targeted standard ratios stated in the Protective Provisions of Banking Law No. 5411 with prospective growth strategy, financial needs, general economic conditions and capital adequacy ratio.

Each year, the Board of Directors submits its profit distribution proposal to the General Assembly. The profit distribution proposal of the Board of Directors is discussed and decided in the General Assembly and announced to the public through Public Disclosure Platform on the same day.

Profit is distributed in line with the date and way determined by the General Assembly within the scope of relevant legislation.

DECLARATION OF RESPONSIBILITY

We have examined the Bank’s “2021 Integrated Annual Report” and we acknowledge and state that:

Based on the information we possess pursuant to our duties and responsibilities within the Bank, the report does not contain any misstatements in material aspects or omissions that may be construed as misleading;

As of the period, the report is prepared for, financial statements and other information on financial matters contained in the report honestly and realistically reflect the financial position of the Bank as well as all major risks and uncertainties it is exposed to;

Corporate Governance Compliance Report (CRF), Corporate Governance Information Form (CGIF), and Sustainability Principles Compliance Framework have been examined, and they are complete and reflect the truth accurately.

Mustafa SAYDAM
Chairman of the Board

Serdar TUNÇBİLEK
Board Member and Member of
the Audit Committee

Dilek YÜKSEL
Board Member and Member of
the Audit Committee

Abdi Serdar ÜSTÜNSALIH
General Manager – Executive
Board Member

Şuayyip İLBİLGİ
Executive Vice President

Metin ALIMLI
Head of Strategy and Planning
Department

2021 AWARDS

	Organization Name	Project/Product Name	Award Type	Award Category/Area	Related Capital Item
1	Mercury Awards 2021	October 11 International Day of the Girl Child	Golden Award	C. Advertising - C05 Television Ads	
2	Mercury Awards 2021	October 11 International Day of the Girl Child	Grand Award	GRAND AWARD	
3	Mercury Awards 2021	Vakıf Battleground	Bronze Award	Q. Video - Q11 Sports	
4	Mercury Awards 2021	VBSK Social Media Management	Golden Award	P. Social Media - P03 Campaigns	
5	Mercury Awards 2021	VBSK Social Media Management	Grand Award	GRAND AWARD	
6	Mercury Awards 2021	October 11 International Day of the Girl Child	Honor Award	Q. Video - Q11 Sports	
7	Sardis Awards 2021	October 11 International Day of the Girl Child Video	Silver Sardis	Most Original Content Production	
8	Sardis Awards 2021	March 8 Commercial	Silver Sardis	Best Commercial	
9	Stevie Mena Awards 2021	Project on Digitization of Case Results	Gold Stevie	Award for the Innovation in Technology Development - Financial Services Industries	
10	Stevie Mena Awards 2021	Project on Digitization of Case Results	Gold Stevie	Award for the Innovation in Technology Development Public Enterprise	

2021 AWARDS

Organization Name		Project/Product Name	Award Type	Award Category/Area	Related Capital Item
11	Stevie Mena Awards 2021	VİBi	Gold Stevie	Award for the Innovative Use of Technology in Customer Service Financial Services Industries	
12	MIXX EUROPE 2021	Mirriad Project	Bronze Award	Product Innovation	
13	MIXX EUROPE 2021	Mirriad Project	Bronze Award	Best Use of CTV	
14	TİDE-Corporate Awareness	Internal Audit	Success Award	Awareness of Professional Development Activities	
15	TİDE-Corporate Awareness	Internal Audit	Success Award	Certification Awareness	
16	IDC DX Summit 2021	Limit Increase with NFC	First Prize	Future of Customers & Consumers	
17	IDC DX Summit 2021	V Coach	Third Prize	FUTURE OF WORK	
18	IDC DX Summit 2021	VBanko Cheque Digital	Second Prize	Future of Customers and Consumers	
19	IDC DX Summit 2021	Artificial Intelligence Cognitive Services	Third Prize	Future of Intelligence	
20	Prida Awards 2021	VolleyInsta	Second Prize	Social Media Use	

Organization Name		Project/Product Name	Award Type	Award Category/Area	Related Capital Item
21	Prida Awards 2021	VolleyInsta	First Prize	Community Establishment and Management	
22	Prida Awards 2021	VolleyInsta	Grand Award	Most Successful Marketing Communication Award	
23	Prida Awards 2021	VolleyInsta	Special Award	Facebook Special Award	
24	The Hammers Awards 2021	Term Deposit Trend Model	Bronze Award	Best CRM Team	
25	The Hammers Awards 2021	VakıfBank Sports Club	Golden Award	Best Social Responsibility Team	
26	Hermes Awards	History of VakıfBank Book	Platinum Award	Print Media – Publications – Book	
27	IDC CIO Awards 2021	VakıfBank Artificial Intelligence Cognitive Services	Jury Special Award	Best Innovation	
28	Stevie International Business Awards 2021	VBanko Cheque Digital	Silver Award	Success in Product Innovation	
29	Stevie Awards for Sales & Customer Service	VİBi	Bronze Stevie	Business Intelligence Solutions	

2021 AWARDS

	Organization Name	Project/Product Name	Award Type	Award Category/Area	Related Capital Item
30	World Book Awards	VakıfBank Culture Publications	Publishing House of the Year	Publishing House of the Year	
31	Tegep Learning and Development Awards 2021	Sales Techniques On the Phone	Bronze Award	Sales Development Category	
32	Bonds & Loans	Sustainable Bond Issuance	Success Award	Best Financial Institution Issuance of the Year	
33	Felis Awards 2021	Success Does Not Have Gender	Success Award	Social Responsibility and Sustainability	
34	PSM Awards 2021	Remote Customer Acquisition	Golden Award	Innovative Customer Interaction and Experience	
35	PSM Awards 2021	VBanko Cheque Digital	Golden Award	Most Innovative Product, Service, Project	
36	PSM Awards 2021	VBanko Cheque Digital	Silver Award	Best Promotion, Marketing Success	
37	PSM Awards 2021	SME PRA (A SME)	Golden Award	In-Company Innovation	
38	PSM Awards 2021	Fast Integration of Bulk Payment Systems	Golden Award	Best Infrastructure	
39	PSM Awards 2021	VakıfBank Sports Club	Golden Award	Positive Social Benefit- Social Responsibility	

	Organization Name	Project/Product Name	Award Type	Award Category/Area	Related Capital Item
40	PSM Awards 2021	Digital Banking Team (Remote Customer Support-Vibi -NFC)	Golden Award	Team of the Year	
41	PSM Awards 2021	Customer Experience Team (Paperless Banking-Real Time Survey-Remote Customer)	Golden Award	Team of the Year	
42	PSM Awards 2021	Corporate Communication team (8 March İşinebak- VBSK – Bilsem projects- VBKY)	Golden Award	Team of the Year	
43	Istanbul Marketing Awards 2021	VBSK-KSS-Success Does Not Have Gender	Golden Award	D4.1. Corporate Social Responsibility Projects	
44	Istanbul Marketing Awards 2021	VBSK-KSS-Success Does Not Have Gender	Golden Award	D3.1. Projects for Social Gender Equality	
45	13. KSS Summit	BİLSEM	Bronze Award	Corporate Social Responsibility- Qualified Training	
46	CX Awards	Video Call Center	Social Responsibility Special Award	Minimum Technology Maximum Customer Experience Projects	
47	Digital Impact Awards 2021	Mirriad Project	Second Prize	Best Innovation	
48	Direct Marketing Awards 2021	Emotional Targeting Technology	Second Prize	Innovative & Disruptive Digital Uses	
49	Direct Marketing Awards 2021	VolleyInsta	Second Prize	Use of Contests and Games	

THE WORLD AND TURKEY IN 2021

2021 WAS A YEAR WHEN NORMALIZATION PREVAILED WITH THE START OF THE INTRODUCTION OF VACCINES DEVELOPED AGAINST THE CORONAVIRUS, AND **THE EFFECTS OF THIS NORMALIZATION WERE GRADUALLY OBSERVED IN THE MARKETS.**

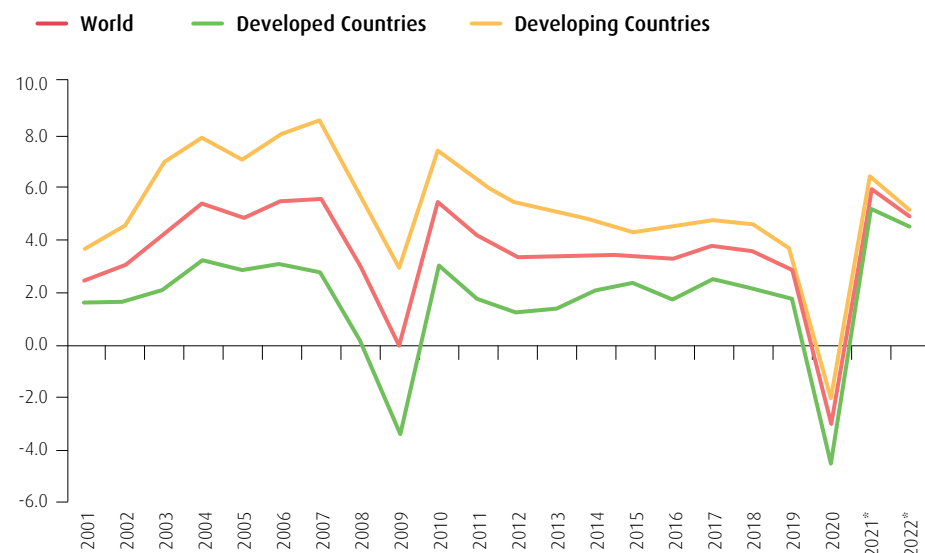
The Covid-19 pandemic, which began in 2020 and continues to have an economic impact in 2021, remained on the global agenda throughout 2021. Although concerns began to fade away as the gradual normalization practices began with the impact of vaccination that started in January 2021 and has grown worldwide, emerging variants like Delta and Omicron fueled concerns and led to new lockdown decisions. In 2021, developments in China, the world's second-largest economy, were closely monitored. The inability of Evergrande, one of China's major real estate corporations, to pay its debts resulted in significant losses in its stock, as well as a long-term impact on the markets due to concerns over a global crisis. In 2021, when normalization prevailed, global markets followed a fluctuating course in general due to inflation concerns, while national economies pointed to a recovery. With the recovery of the world economy, which concluded 2020 with a 3.1% contraction, it is expected that 2021 will be completed with 5.9% growth.

In 2020, the U.S. economy contracted by 3.5% in the aftermath of the Covid-19 pandemic, its worst performance since 1946. In 2021, the country's economy grew 5.7% beyond expectations, showing a positive growth performance following the sharp decline in 2020. Thus, the country's economy recorded its highest annual growth since 1984. In 2022, the US economy is expected to grow by 4%.

Employment data improved with the recovery in 2021. The unemployment rate, which hit a record high of 14.8% in April 2020, stood at 6% at the beginning of 2021 and 4% in the last quarter of 2021. The unemployment rate fell to 3.9% in December. Thus, data dropped below 4% for the first time since the pandemic began.

As a result of the pressure created on prices due to disruptions in the global supply chain, as well as rising energy costs and rising consumer demand, inflation rose in the U.S. in 2021, bringing the inflation rate to over 2%, the target level. At the end of the year, inflation in the U.S. rose to 7%, the highest level in 39 years. The stiffness in the downward movement of inflation is being driven by the increase in real wages due to the labor market deficit. At first, inflation was characterized as temporary by Fed members, however, following the upswing, some statements were made that it may not be temporary. While in its November meeting, the Fed's statement that "inflation is not permanent" was replaced with "it is not expected to be permanent," at the December meeting, the Fed's statement that "inflation is temporary" was removed altogether. In addition, it is considered almost certain that Fed is to start its interest hike in 2022.

Real Growth (y-y,%)



Source: IMF *IMF estimate



U.S. President Joe Biden's proposal for a USD 1.9 trillion Covid-19 aid package was approved by the House of Representatives in February and by the Senate in March. Under the fiscal stimulus scheme, unemployment benefits were set at USD 300 per week. It was also announced that USD 1,400 in cash will be extended to those who meet the criteria. U.S. President Joe Biden also signed a USD 1.9 trillion package that is planned to be implemented in the face of the outbreak. Biden said the package has to do with rebuilding this country's spine, giving people, employees, middle-class people, and people who build the country a fighting chance. In addition, he announced that the economic assistance package will create new jobs for 7 million people.

In 2020, the European Continent was heavily affected by the Covid-19 pandemic, while the daily cases and total human losses reached record levels. Despite the recovery in Europe in 2021 with the impact of vaccination, closures came to the fore again, especially in Europe, with the effect of the variants that have emerged recently. The Eurozone economy, which shrank by 6.6% in 2020, contracted by 0.3% compared to the previous quarter and by 1.3% year-on-year in the first quarter of 2021 due to the slow vaccination. As of the second quarter, with the quarantine measures slackened and economic reopenings beginning, the Eurozone economy, which experienced positive growth rates, grew 5.2% in all of 2021. In 2022, the Eurozone expected growth is 4.6%.

The CPI in the Eurozone reached a record high in December due to rising energy costs and disruptions in the supply chain. CPI rose to 5% year-on-year in December and reached the highest level seen in 25 years since when the data began to be recorded. The core CPI also increased by 2.6% year-on-year. At the same time, ECB President Christine Lagarde said inflation would remain above 2%, the target level for some time, and would then achieve the targeted 2%. In Germany, the Eurozone's largest economy, inflation registered 5.3% year-on-year in December, the highest increase since 1992.

The CPI in the Eurozone reached a record high in December due to rising energy costs and disruptions in the supply chain.

Japan's economy shrank by 4.5% in 2020 due to the negative impact of the Covid-19 outbreak and registered a slow recovery in 2021. Ongoing emergency measures, the growing number of cases limiting consumption, and global chip supply problems slowed growth in Japan in 2021. As a result, the country's economy grew by 1.6% in 2021. On the other hand, the economy of Japan expected growth is 3.2% in 2022.

Having closed 2020 with a 3.1% contraction, the world economy is expected to complete 2021 with 5.9% growth as a result of the recovery.

THE WORLD AND TURKEY IN 2021

WHILE THE FEDERAL RESERVE (FED) DID NOT MAKE CHANGES TO INTEREST RATES IN 2021, **IT WAS DECIDED TO REDUCE ASSET PURCHASES STARTING FROM NOVEMBER.**

The European Central Bank (ECB) has made no changes to interest rates and the pace of asset purchases in 2021.

China, the country where the Covid-19 outbreak started, had decided for the first time since the 1990s not to set a target for the gross domestic product (GDP) in 2020. Having grown by 2.3% in all of 2020, the Chinese economy grew by 18.9% in the first quarter of 2021, which is the fastest growth since 1992 when the quarterly records started to be kept, and by 7.9% in the second quarter. China's economy grew by 0.2% in the third quarter, compared to the previous quarter, by about 4.9% year-on-year, near expectations. China's economy grew by 4% year-on-year in the last quarter and grew by 8.1% in all of 2021. In line with the decisions taken in 2022, the Chinese economy is expected to slow down somewhat and grow around 5%.

While central banks mostly continued their expansionary monetary policies in 2021, 2021 was a year in which concerns about inflation were felt more acutely.

While the Federal Reserve (Fed) did not make changes to interest rates in 2021, it was decided to reduce asset purchases starting in November. The European Central Bank (ECB), meanwhile, announced in December that it would discontinue its net asset purchases under the Pandemic Emergency Purchase Program by the end of March, as planned.

The annually increasing inflation in the US economy, which started in 2021 with the new stimulus package introduced by US President Biden, caused discussions over asset reduction and interest rate hikes. The Fed thus announced its resolution for asset reduction, as expected during its November meeting. The Fed announced that it will begin reducing asset purchases in November by USD 15 billion a month. In December, it increased the reduction in asset purchases to USD 30 billion a month. In the resolution text, it was stated that inflation has risen due to the pandemic and disruptions in the supply chain. Statements suggesting that inflation was temporary were removed from the text. Fed Chairman Powell made a statement that even though Fed pursues its full employment target if it sees a threat of inflation increase in the upcoming period, it may raise interest rates early if necessary.

In 2021, the European Central Bank (ECB) did not regain interest and asset purchase speed, keeping the policy interest at 0%, the marginal funding interest at 0.25%, and the deposit rate - at 0.50%. The ECB agreed during the last meeting to increase the monthly bond purchase amount from EUR 20 billion to EUR 40 billion under the Asset Purchase Program (APP), following the termination of the Pandemic Emergency Purchase Program in March 2022. According to the statement, the monthly purchases of assets under APP will amount to EUR 30 billion in the third quarter of 2022 and be reduced to EUR 20 billion monthly in October 2022. "Net purchases under PEPP may continue if negative shocks related to the pandemic emerge," the ECB said in its statement. While ECB President Christine Lagarde stated that inflation will remain high in the short term, signaling that it is not likely that interest rates will be increased in 2022.

During its meeting held in June, the National Bank of Japan (BoJ) decided to extend support programs for the Covid-19 pandemic beyond September 2021. BoJ, which has not made a change in interest rates during the last 49 meetings, has also not changed its basic relaxation instruments at its December meeting and extended its special support for the country's pandemic-damaged businesses, which is predicted to expire in March. Citing more favorable funding for large enterprises, the BoJ said it will gradually reduce private-sector bond assets to pre-pandemic levels starting in April. The bank is not expected to change the interest rates in the coming period.

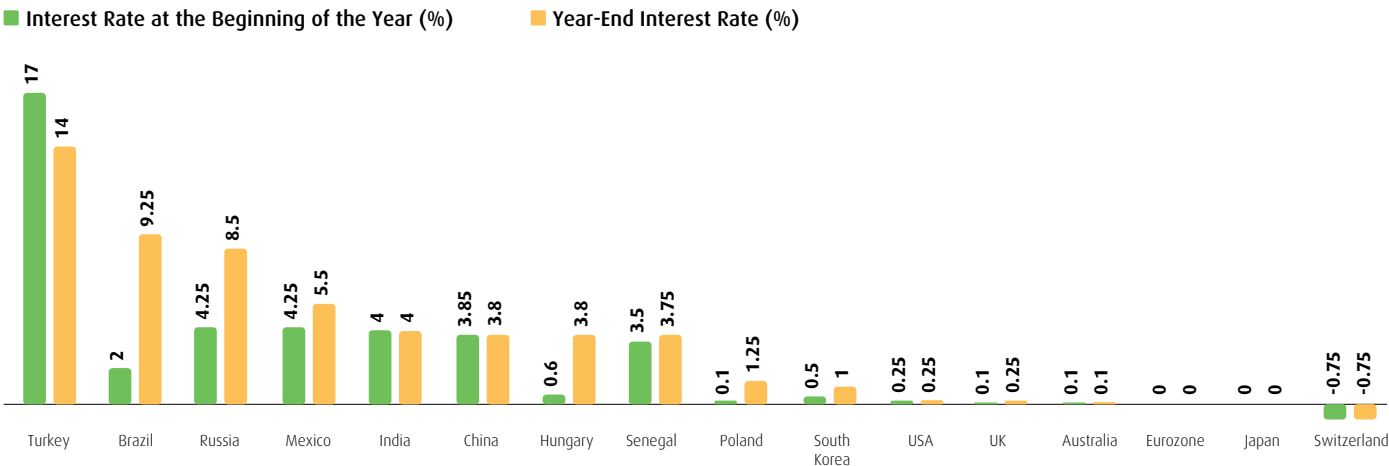


The Central Bank of China (PBOC), which fixed the benchmark interest rate during 2021, set the base loan interest rate for the one-year loan at 3.80% in November, down from 3.85%. This marked the first reduction since April 2020. The move follows the PBOC's decision at the beginning of November to reduce the amount banks must hold on reserve, releasing cheap long-term funds of 1.2 trillion yuan (US 188 billion) for banks. The PBOC is expected to implement a cautious monetary policy due to rising income inequality and a bubble in the real estate market in 2022 and it is believed that the PBOC can pursue looser policies when needed to support the economy.

In 2020, the central bank of many developed and emerging countries underwent interest rate cuts and monetary expansion to support the country's economy due to the coronavirus outbreak. In 2021, the monetary policy implemented by the central banks was closely followed. Many central banks, such as Brazil, Mexico, Hungary, and Russia, have raised interest rates due to the fear of high inflation caused by rising global costs.

Many central banks, such as Brazil, Mexico, Hungary, and Russia, have raised interest rates due to the fear of high inflation caused by rising global costs.

Central Banks Policy Interest Rates



Source: Reuters

THE WORLD AND TURKEY IN 2021

THE TURKISH ECONOMY **ENDED 2021 WITH DOUBLE-DIGIT GROWTH.**

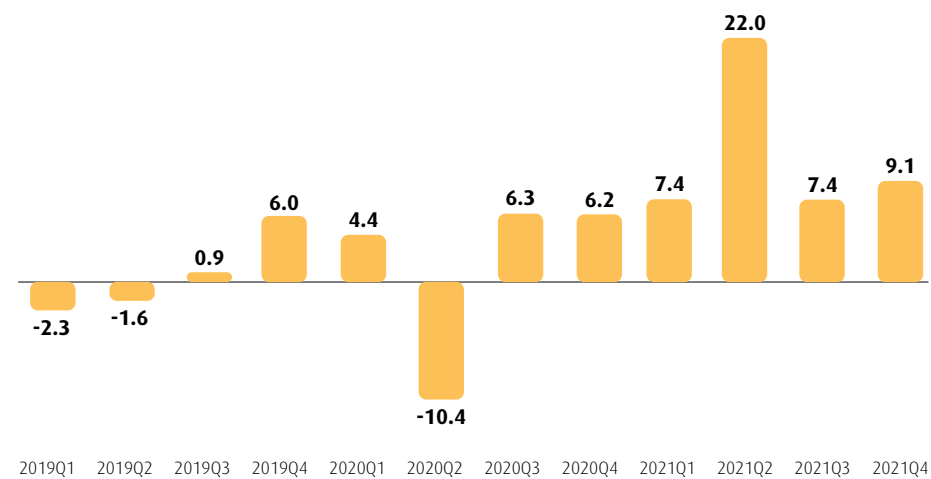
In 2021, the central government budget performed better than expected.

TURKISH ECONOMY

Following the positive growth experienced in the second half of 2020, Turkey's economy started with positive growth in the first quarter of 2021 with the base effect and stocks' contribution compared to the same quarter of the previous year. The base effect caused by the fast slowdown in the economy resulting from the lockdowns after the pandemic in the second quarter of last year resulted in double-digit growth for the second quarter of 2021 on an annual basis. Due to the base effect and disruptions created by raw materials and supply chains around the world, growth slowed in the third quarter on an annual basis compared to the second quarter, and the Turkish economy grew

below market expectations. The Turkish economy grew more than expected, achieving 11% growth in all of 2021 due to rising consumer demand that supported growth in the last quarter of the year, driven by the deterioration in inflation projections both globally and domestically. The Turkish economy expected growth is 5% in 2022.

In 2021, the central government budget performed better than expected. Even though the increase in especially tax revenues in the first half of the year has led to a rise in the budget deficit, in the second half, the increase in tax revenues reduced the budget deficit, with the impact of the removal of restrictions due to the Covid-19 pandemic and the overall recovery in the economy. As a result, the year ended with the budget deficit/GDP ratio at 2.7%, below the 3% projected at the beginning of the year.

Turkey Real Growth Rate (y-y, %)

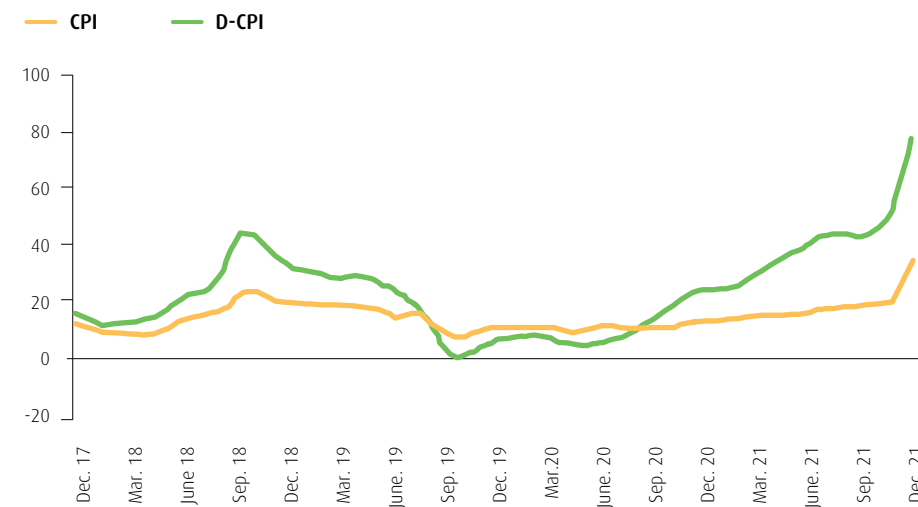
Source: TURKSTAT

**Inflation followed an upward trend in 2021.**

Inflation, which stood at double-digit levels throughout 2020, started with an upward motion in 2021. Consumer inflation, as well as producer inflation, have experienced the highest levels in recent years with the impact of exchange rate developments during the year and of price pressures caused by disruptions in the global supply chain, especially natural disasters like fires in the summer months. After an upward

trend in the first four months of the year, the Consumer Price Index (CPI) dropped in May for the first time after seven months on an annual basis. The decline was attributed mainly to the lockdown experienced in the services sector in May. After the period of full lockdown, there was a spreading increase in inflation with the effect of the openings beginning in June and the rise in the exchange rate. After a generally upward trend in the second half of the year, inflation ended the year at 36.08%, the highest level of

the 2003-based series. Core inflation (C index), which does not include uncontrollable items such as food and energy and shows the main trend in inflation, closed the year at the highest level of the 2003-based series with 31.88% on an annual basis, the Domestic Producer Price Index (D-PPI) rose by 79.89% on an annual basis to the highest level since December 2001.

Inflation Indicators (y-y, %)

Source: CBRT

After an upward trend in the first four months of the year, the Consumer Price Index (CPI) dropped in May for the first time after seven months on an annual basis.

THE WORLD AND TURKEY IN 2021

IN 2021, CBRT CUT THE POLICY INTEREST RATE TO 14%, REALIZING A TOTAL OF 500 BASIS POINTS INTEREST RATE REDUCTION.

In 2021, the CBRT changed the reserve requirements.

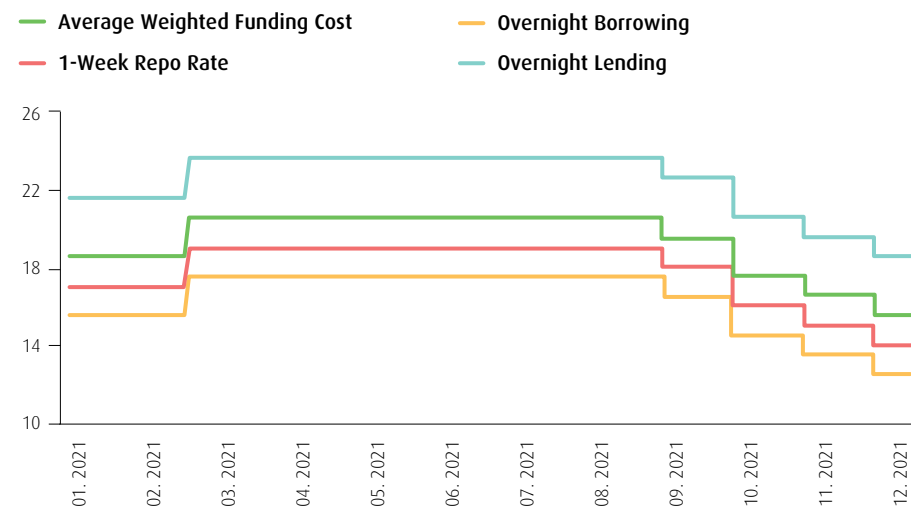
In 2021, the CBRT reduced the policy interest rate to 14%.

Following an interest rate hike of 100 basis points in March, the Central Bank of Turkey (CBRT) remained on hold until September and ended 2021 with successive interest rate cuts in September, October, November, and December. Thus, the CBRT cut the policy interest rate to 14% with a 500-basis points interest rate cut.

In 2021, the CBRT changed the reserve requirements as well. Initially, Turkish lira reserve requirements were increased by 200 basis points in all maturity segments and liability types in February. The maximum rate of establishment of Turkish lira reserve requirements in foreign currency was decreased from 30% to 20%, and

the maximum rate of establishment in standard gold was decreased from 20% to 15%. In July, the maximum rate of the possibility of establishing reserve requirements of the Turkish lira in foreign currency was reduced from 20% to 10% to increase the effectiveness of the money transfer mechanism. By the establishment date of October 1, 2021, this possibility was completely ended. In November, the CBRT has reduced the maximum rate of the possibility of establishing reserve requirements of the Turkish lira in standard gold from 15% to 10%. In July, the rates of reserve requirements for foreign currency deposits/participation funds increased by 200 basis points in all maturity segments. In November and December, two increases of 200 basis points each were made. The CBRT also resolved to exempt the amounts, which are held in foreign currency

CBRT Interest Rates (%)



Source: CBRT

deposit/participation fund accounts on 25 June 2021 and then converted into Turkish lira deposit/participation funds after this date from the reserve requirements, and apply additional interest to TL reserve requirements to increase the share of the TL in the total deposit/participation funds within the banking system. In November, the CBRT lowered the interest/remuneration rate applied to TL-denominated reserve requirements from 12.5% to 10.5%. As part of the program to convert from foreign currency deposits/participation funds to TL deposits/participation funds; the rate, applied as 18%, has been reduced to 16%. In December, the CBRT cut the interest/remuneration rate applied to TL reserve requirements by 100 basis points to 8.5% through a technical adjustment.

The rate of unemployment, which soared during the first quarter of the year due to the negative impact of the Covid-19 pandemic, gradually fell to 10.9% in November, following the first quarter.

The increase in tourism revenues was positively reflected in the current balance in 2021.

In 2021, the current account deficit has narrowed sharply with tourism revenues boosted by the opening process following the lockdowns carried out due to the Covid-19 pandemic, the competitive exchange rate, the geopolitical advantages created by the disruptions in the supply chain, and an increase in exports. However, even though the rise in energy costs over the past year was creating pressure on imports, the fact that exports have increased more than imports supported the narrowing of the current account deficit. Thus, in the first 11 months of the year, the current account deficit decreased by 66% compared to the previous year and amounted to USD 10.8 billion.

On the financing side of the current balance, it is observed that in 2021, there was a capital inflow of USD 761 million from portfolio investments, USD 7.7 billion from direct investments, and USD 19.4 billion from other investments. In the said environment, foreign exchange inflow through the net errors and omissions item was realized as USD 10.5 billion. Thus, the current account deficit/GDP ratio, which was expected at 3% levels at the beginning of the year, was realized at 1.8% in 2021. In 2022, if tourism revenues return to their pre-pandemic levels with the narrowing of the foreign trade deficit, a current account surplus may be encountered in the annual aggregate.

The rate of unemployment, which soared during the first quarter of the year due to the negative impact of the Covid-19 pandemic, gradually fell to 10.9% in November, following the first quarter.



THE WORLD AND TURKEY IN 2021

THE NON-PERFORMING LOAN RATIO GRADUALLY DECLINED THROUGHOUT THE YEAR, **HITTING ITS LOWEST LEVEL SINCE AUGUST 2018.**

The annual growth rate of loans decreased from 34.7% at the end of 2020 to 13.6% in the third quarter.

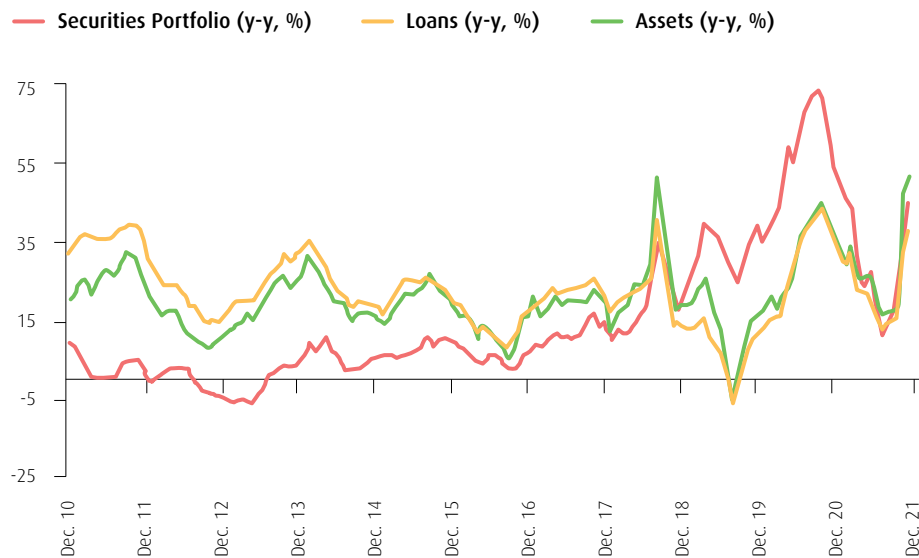
BANKING SECTOR

In 2021, the banking sector experienced a slowdown due to the base effect of last year.

Loan extensions have increased in the banking sector to support the real economy, which has been negatively affected by the Covid-19 pandemic that started in 2020. There was also a sharp rise in the securities. The slowdown in loans and securities in 2021 resulted in a significant fall in the annual growth rate of assets as a result of the high base effect and rising interest rates in 2020. Thus, the annual growth rate of assets fell from 36% at the end of 2020 to 17.4% in the third quarter. The annual growth rate of loans decreased to 13.6% in the third quarter from 34.7% at the end of 2020, and the annual growth rate of the securities portfolio dropped to 13.7% in the third quarter from 54.7% at the

end of 2020. At the end of the year, due to the rapid increase in exchange rates, the annual increase rates went up sharply with the effect of rising foreign currency items. Thus, assets ended the year with a 50.9% increase, while loans increased by 37.04% and MDP by 44.4%. As a result of the base effect from the previous year and the continued implementation of the BRSA to increase the waiting period for overdue loans to be transferred to non-performing loan accounts from 90 to 180 days, there was a drop in non-performing loans till October. After the implementation was partially removed, the NPL's annual growth rate turned positive again in October. At the same time, with the impact of the decrease in the NPL during the year, the non-performing loan ratio has gradually declined throughout the year and at the end of the year, it was realized at 3.16%, the lowest level since August 2018.

Loans (Adjusted exchange rate, y-y, %)



Source: BRSA



In 2021, deposits maintained their weight in total liabilities.

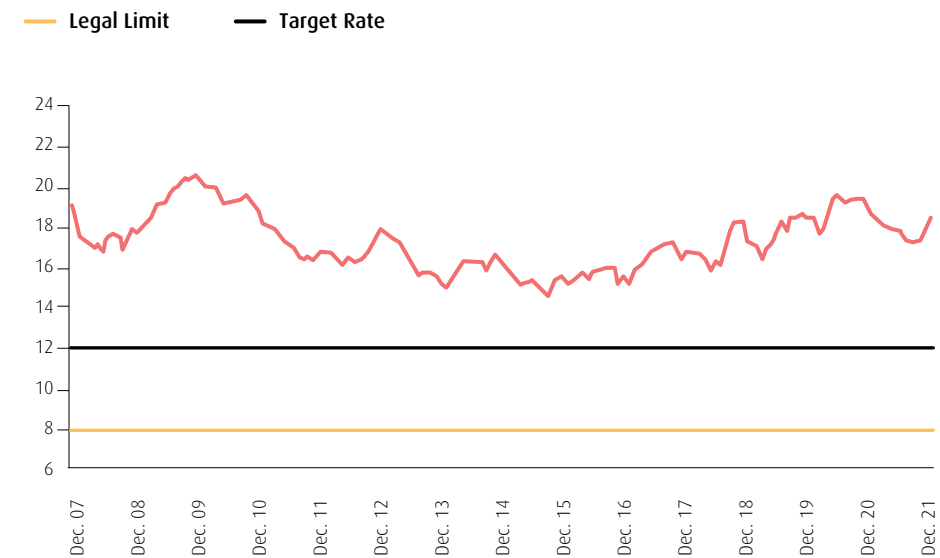
The base effect of 2020 was decisive in liabilities as well. Deposits became the main funding item of the industry in 2021. The annual growth rate of deposits decreased from 34.6% at the end of 2020 to 19.2% in the third quarter but increased again due to the increase in the exchange rate at the end of the year to 53.5%. The annual rate of increase in non-deposit resources decreased from 43.3% at the end of 2020 to 14.8% in the third quarter. At the end of the year, the increase in exchange rates was also reflected in an increase in the non-deposit resources, and the annual growth rate of non-deposit resources rose to 55.9%.

Capital adequacy experienced a decline in 2021.

Even though the sector began 2021 with a decline in profits, the profit growth improved during the year, and by the end of the year, the sector's profit had climbed by 54.7% on an annual basis. The capital adequacy ratio, which was 18.7% at the end of 2020, decreased throughout the year, falling to 18.3% at the end of 2021.

Even though the sector began 2021 with a decline in profits, the profit growth improved during the year, and by the end of the year, the sector's profit had climbed by 54.7% on an annual basis.

Capital Adequacy Ratio (CAR)



Source: BRSA

TRENDS AND HIGHLIGHTS IN THE BANKING SECTOR

WITH THE IDEA THAT NATURAL RESOURCES, TECHNOLOGY, AND LABOR ARE AT THE CORE OF THE VALUE CREATION PROCESS, **WE CLOSELY MONITOR LOCAL AND GLOBAL DEVELOPMENTS AND ACKNOWLEDGE THEM WHEN DETERMINING OUR PRIORITIES.**

Turkey signed the Paris Climate Agreement.

The finance sector has a business model that requires being connected to all sectors; therefore, its potentiality and speed to be affected by changes are higher than other sectors. We care about analyzing global, regional, and local trends with the awareness of this situation specific to our industry. Thus, we aim to take precautions in advance upon potential risks created by changes and seize opportunities on time. With the idea that natural resources, technology, and labor are at the core of the value creation process, we closely monitor local and global developments and acknowledge them when determining our priorities.

We expect the pandemic, the impact of which has been felt throughout the world, to continue to be effective in the coming period. For this reason, we consider the Covid-19 pandemic among the main trends affecting our industry, along with "Combatting Climate Change," "Technology and Digitalization," and "Changes in Working Culture."

Combatting Climate Change

Climate change, which has become visible in many parts of the world today, is seriously threatening the future of humanity. Countries, therefore, need policies that prioritize renewable energy and compliance with climate change to protect them from the destructive effects of climate change. Therefore, the low carbon economy, which causes all the operations of all the stakeholders of the economy to generate minimum or zero carbon emissions, becomes more a necessity than a preference.

In this context, the Paris Climate Agreement entered into force on 4 November 2016, being the first of its kind to be ratified by at least 55 parties, which together account for 55% of global greenhouse gas emissions, as of 5 October 2016. The main goal of the agreement was determined to limit global warming to well below 2 degrees Celsius, with emission reductions in the states parties' national contribution statements, preferably to 1.5 degrees Celsius, and to achieve a carbon-neutral target on the entire planet by 2050.

In 2021, the 26th United Nations Climate Change Conference was held in Glasgow. The conference, also known as COP26, resulted in an agreement reached by 197 countries to reduce global warming and greenhouse gas emissions. The agreement includes important decisions such as the commitment to phase out coal gradually, the regular review of emission reduction plans, and more financial support to developing countries, especially to limit the global warming targeted in the Paris Climate Agreement to 1.5°C. Additionally, the Paris Agreement Work Program (Rules Book) that outlines how to implement the Paris Climate Agreement was completed at this conference. Thus, a significant momentum toward the second stage of the Paris Climate Agreement has been achieved.

In 2019, the European Union (EU) published the European Green Deal for the implementation of the global goals and approaches set out by the Paris Climate Agreement. Through this Deal, the EU aims to reduce its greenhouse gas emissions by 55 % by 2030 and become the first continent to be climate-neutral by 2050. After this development, countries with intensive international trade, such as South Korea, Japan, and China, also began to announce their goals for the green transformation. Moreover,

many organizations such as the World Bank, International Monetary Fund (IMF), Financial Stability Committee (FSB), Bank for International Settlements (BIS), and the Organization for Economic Cooperation and Development (OECD), are among the umbrella organizations of global finance, continue to work to reveal the financial risks that the transition to a carbon-neutral economy may pose and to create environment-friendly financial instruments integrated into the financial system of the future.

In addition, the financial authorities of many developed countries (Europe, the USA, and Japan) are taking concrete steps both regarding their monetary policy instruments and administrative structuring. The European Central Bank (ECB) said it has drafted an action plan that will include the assessments on climate change in its monetary policy strategy. The Bank of England (BoE) announced it is switching to green bond purchases in 2050, with the target of reducing carbon emissions to zero levels. The Bank of Japan (BoJ) and the Federal Reserve (Fed) have both formed independent committees to explore the effects of combatting climate change on the global economic system.

Turkey declared at the United Nations General Assembly in September 2021 that it would become a party to the Paris Climate Agreement. In the agreement, it committed to reducing emissions growth by 21% by 2030 and complying with the "Net Zero Emissions" target by 2053. On October 6, 2021, this agreement was unanimously accepted in Parliament. In addition, during this period, the Ministry of Trade published the Green Deal Action Plan, which explains the general strategy and steps for green transformation in our country. The action plan includes a total of 32 targets and 81 actions under 9 main headings.



On the other hand, the financial sector is one of the most important sectors for managing climate-related risks. In this context, the Turkish Banking Sector is taking important steps. In 2014, the Banks Association of Turkey (TBB) published the "Sustainability Guide for the Banking Sector." Borsa Istanbul (BIST) subsequently created the "BIST Sustainability Index." In 2021, the Banking Regulation and Supervision Agency (BRSA) announced the 2022-2025 Sustainable Banking Strategic Plan regarding the action of "3.2.5. Determining a roadmap for the development of sustainable banking" of the "Green Deal Action Plan" at the end of 2021. Consequently, our country and the Turkish banking sector continue to make significant efforts to manage environmental and social risks as part of the combat against climate change.

Technology and Digitalization

In recent years, countries have made significant advances in the field of digitalization and innovation. Especially with the pandemic, it has become clear how necessary digital technologies are for society. So much so that digitalization improves welfare and contributes to the development of societies. Digitalization not only ensures sustainable development but also monitors the environmental and social impacts. It is one of the highlighted facts in recent years that digitalized companies grow faster and are more resilient to crises.

New capabilities, skills, and services are increasingly needed to take advantage of digital technologies and create more value. Businesses need to make their business models and organizational structures more flexible and agile to keep up with the accelerating change. At the same time, the corporate culture needs to encourage change and innovation. Inevitably, businesses that do not have a corporate culture promoting change or whose business models are not flexible and agile will have adaptation problems in the face of disruptive technological developments.

Developments in the mobile, internet, artificial intelligence, internet of things (IoT), machine learning, autonomous and robotic technologies, systems that recognize and process audio and video, blockchain infrastructure fields, whose importance has increased even more in this period, are expected to be among the technological developments that create radical changes in the financial sector in the coming period.

Cybersecurity challenges, in addition to these developments, come forth as an issue that poses significant risks. Efficient management of cyber risks requires the systems to be designed for prevention, preparation, and protection. It is thought that many cyber-attacks will be carried out based on artificial intelligence in the upcoming period. It will be impossible to defend against them only with human power, so artificial intelligence should also support defense methods.

The changing consumer habits following the pandemic have increased the interest in alternative distribution channels and digital.

Changes in Working Culture

Employee loyalty and satisfaction are essential indicators for organizations to maintain qualified employees and attract newly qualified candidates. Thus, organizations try to create a corporate culture by developing practices to sustain employee satisfaction and activities related to this in their work areas. However, the Covid-19 era, during which many white-collar workers experienced the "work from home" process, caused a change in work culture. Although the studies predict a future where working culture can occur outside the office after a certain period, the pandemic has accelerated this process considerably.

This necessary change in the work environment will reflect more deeply on the work culture over time. This process, which will increase the use of technology in human resources applications and business processes, will bring family-friendly practices, employee loyalty, and satisfaction to institutions' agendas in terms of work-family balance.

Covid-19

The Covid-19 pandemic that emerged in Wuhan, China, has affected the entire world in economic, sociological, and cultural terms. The banking industry played a crucial role in the sound operation of the financial system and was one of the industries most affected by the pandemic. However, thanks to its strong capital, solid technical infrastructure, and qualified human resources, this process was managed quite successfully.

On the other hand, changing consumer habits following the pandemic has increased the interest in alternative distribution channels and digital. This has accelerated digital transformation in the industry. During this period, flexible, remote, and hybrid working models became widespread and permanent, and online purchases increased significantly. Financial access for many segments of society has been facilitated by the increasing digitalization in the banking sector. Increases have been observed in the number of customers who were introduced to the Internet and mobile banking practices. Since the banking sector in our country is one of the sectors that invest the most in technology and human resources, the demands of the customers were met without any problems.

OUR MATERIAL TOPICS AND SUSTAINABILITY APPROACH

WE ARE STRIVING TO LEAVE A MORE LIVABLE WORLD TO FUTURE GENERATIONS WITH OUR ACTIVITIES IN THE FIELD OF SUSTAINABILITY, NOT ONLY WITH OUR BANKING ACTIVITIES.

We continue to play an active role in international markets with the long-term and cost-effective funds we provide from abroad.

Our Sustainability Approach

Since we commenced our operations on April 13, 1954, we proceed to deliver essential contributions to the growth and development of the country's economy with the mission of continuously increasing the values we add to our customers, employees, shareholders, and society by effectively and efficiently managing the assets and values entrusted to us by the strength we derive from the foundation culture.

Today, with the management and working mentality required by modern banking, we serve our customers through the products and solutions we offer in Corporate, Commercial, SME, Local Governments and Agricultural Banking, Retail, and Private Banking. In addition to our core banking products, we are also engaged in investment banking and capital market activities; we have been offering financial products widely ranging from leasing to factoring services to our customers through our financial subsidiaries with the high technology required by the age. Besides, we continue to play an active role in international markets with the long-term and affordable funds we provide from abroad.

As a long-established institution aiming to make a difference in society with our banking activities and our social responsibility projects, our sustainability approach is to leave a more livable world to future generations with our efforts. In this context, the authority to coordinate our sustainability practices effectively and swiftly lies within the Sustainability Committee, which is our Bank's senior decision-making and responsible body. Believing that faster decision-making will add dynamism to our sustainability journey, we established the Sustainability Working Group as the supporting structure that operates under this committee. Our Committee monitors performance by integrating these strategies and policies into the Bank's activities and formulating sustainability strategies and policies in economic, social, and environmental areas. Additionally, we continue our sustainability efforts through the Sustainability Service, Environmental Management Service, and Environmental and Social Impact Analysis Department. You can find detailed information about our policies [here](#).

WE TAKE PART IN INTERNATIONAL PLATFORMS WITH OUR SUSTAINABILITY EFFORTS AND **LEAD THE INDUSTRY BY BREAKING GROUND.**

First, we harmonized the Head Office units' banking processes and all branches with the ISO 9001 Quality Management System. We documented them with the "ISO 9001: 2015 Quality Management System." In addition, we have also documented that our banking activities minimized the direct impact on the environment in line with international standards by obtaining the ISO 14001: 2015 Environmental Management System certificate in 2017. In this context, we have ensured that all VakıfBank employees work in ISO 14001 certified buildings in 2021, with our certification studies, which we have been continuing since 2018. We succeeded to be the first bank in Turkey to establish the Integrated Management System (ISO 9001-ISO 14001-ISO 45001) and to receive the certificate after the Integrated Certification Audit by obtaining the ISO 45001 Occupational Health and Management System certificate. We successfully passed the 2021 interim audits and ensured the sustainability of the Integrated Management System. As VakıfBank, we also have an ISO 45001:2018 Occupational Health and Safety Management System Certificate. You can find detailed information about our certificates [here](#).

We take part in international platforms with our sustainability efforts and lead the industry by breaking ground. We are the first Turkish public institution to announce its commitment to reduce carbon emissions by participating in the Science Based Targets initiative, which many international pioneering organizations lead to contribute to the fight against climate change, one of the most critical global environmental problems of today. Thus, we aim to bring international standards to our activities and continue integrating sustainability into our corporate strategy for a more livable future by increasing our environmental, social, and managerial performance. In this context, we have been participating in the Carbon Disclosure Project (CDP) Climate Change Program since 2015 and share our climate change strategy, governance, risk management, and carbon emission amount and our targets on these issues with international investors and the public. We have also preserved our performance score, which was at level B, in 2021. In addition, as VakıfBank, we aim to play a role in managing water-related risks and raising awareness by supporting the CDP Water Program in 2022.

We aim to support the CDP Water Program in 2022.

OUR MATERIAL TOPICS AND SUSTAINABILITY APPROACH

WITH THE AWARENESS THAT OUR GREATEST IMPACT ON THE ENVIRONMENT AND SOCIETY IS CREATED THROUGH FINANCING, **WE CONSIDER IT OUR RESPONSIBILITY TO ASSESS THE ENVIRONMENTAL AND SOCIAL IMPACT OF THE PROJECTS WE FINANCE.**

In September 2021, we issued a second sustainable Eurobond amounting USD 500 million.

We offer our sustainability products, which constitute one of the most critical components of our sustainability approach, **to our customers’ use to support socioeconomic development by taking into account all society segments.** Thus, we ensure our customers’ strengthening and contribute to social development with the financial support we provide.

With the awareness that our most significant impact in the environmental and social field is through financing, we consider it our responsibility to evaluate the social and ecological implications of the projects we finance. We formed the Environmental and Social Impact Analysis Department in 2021 to keep a closer eye on this impact. We concentrate on evaluating the projects we finance through the Environmental and Social Risk Management System, which we expect to deploy in 2022, by identifying the environmental and social consequences caused by enterprises. We will first get project finance loans with a loan application amounting over USD 20 million. Then, in addition to project finance loans, we aim to include the entire loan portfolio (excluding retail loans) in this risk analysis process.

As a pioneering and active bank in international markets, with the awareness of the importance of sustainable banking in accessing international funding sources, we take essential steps, complete the necessary preparations, and seize opportunities depending on market conditions. We introduced the Sustainable Finance Framework Text in this regard to serve as a foundation for the issuance of Green Eurobonds (“Green Bonds”) and/or Sustainable Eurobonds (“Sustainable Bonds”). In December 2020, we issued the first sustainable Eurobond for USD 750 million, and in September 2021, we issued the second sustainable Eurobond amounting USD 500 million.

In April 2021, we signed the Bank’s first sustainable syndicated loan, amounting USD 1.1 billion. In November 2021, we renewed our second syndicated loan based on sustainable performance criteria amounting USD 650 million. Thus, we converted all of our syndicated loans into “Sustainable Syndicated” loans.

Besides, we carried out a study in line with the evaluation methodology of Sustainalytics, one of the leading independent global companies in providing Sustainable Banking, Environmental, Social, Corporate governance research, and rating services to investors. After this study, we achieved to improve our ESG (Environmental, Social, Governance) risk rating score from 23.1 (medium risk) to 19.8 (low risk) in 2021, becoming one of the banks with the lowest risk rating in the banking sector.

We maintain our collaborations on national and international platforms within the scope of our efforts to create value in a sustainable economy, society, and environmental issues. We are among the UN Global Compact participants, the world’s largest sustainability initiative before the

United Nations. **We are the first Turkish public institution to sign the Women’s Empowerment Principles (WEPs).**

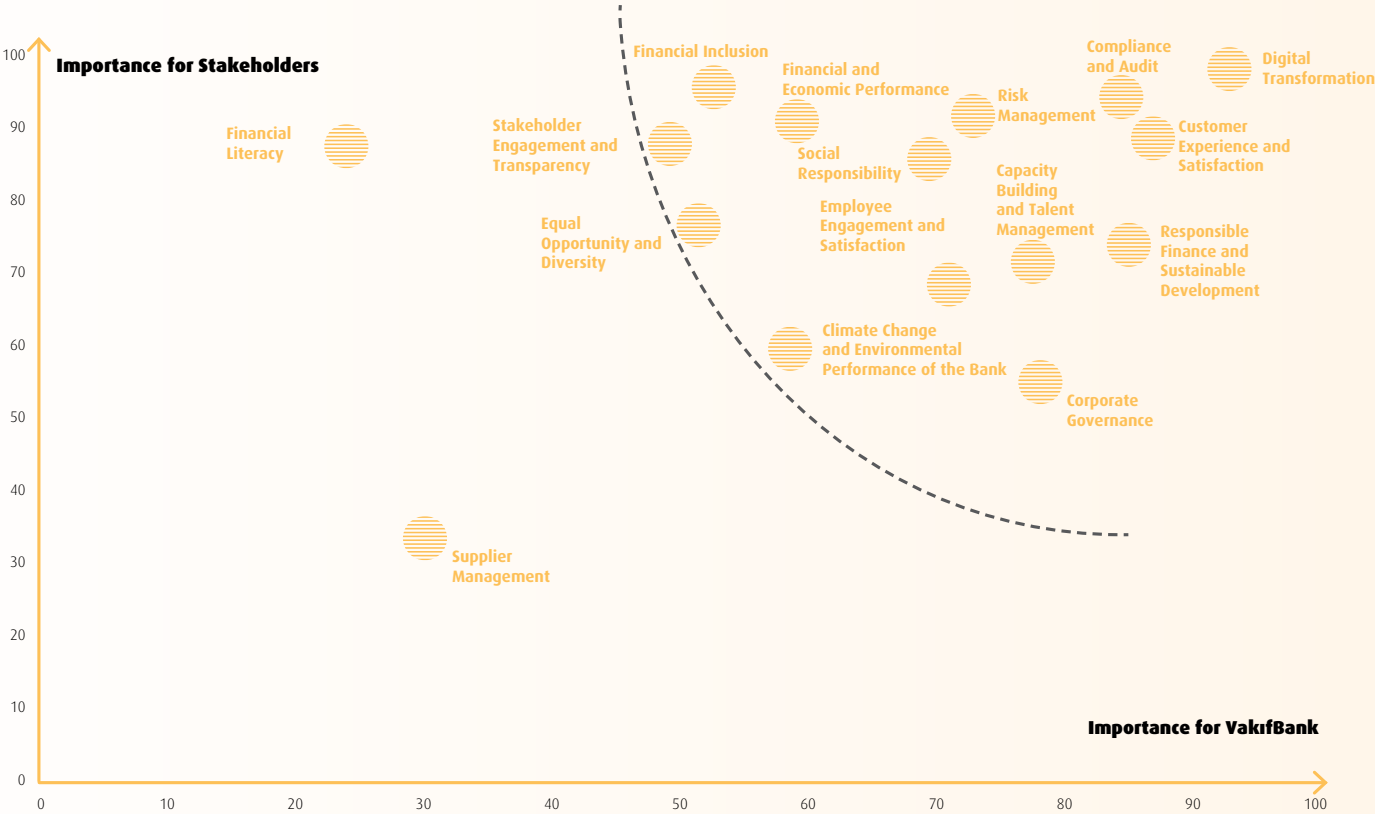
In addition, **we have been selected, three times in a row, for the Bloomberg Gender-Equality Index (Bloomberg GEI),** which evaluates the performances of companies to raise awareness about gender equality in all sectors around the World and to increase transparency.

We carried out a gender equality survey to hear all our employees’ views and expectations, including senior management, on gender equality, which is among the Sustainable Development Goals and has an important place on the agenda of the world and to identify areas that need improvement. In accordance with this survey, our Bank launched the Gender Equality Program, and the necessary coordination was made with the relevant departments to develop gender equality practices within the Bank and raise awareness at all organizational levels.

We attach importance to explaining our performance with transparency. As a result, we maintain our place in the index since 2014, when the BIST Sustainability Index was created. Since 2017, we have been involved in the FTSE4Good Emerging Markets Index, which responsible investors primarily follow.

In addition to our financial performance, we published our first Integrated Annual Report in 2020, which includes our approach and performance in economic, environmental, and social areas and our Bank’s value creation model. Our report, which has an important place in our communication with our stakeholders, is compatible with the Integrated Reporting Framework published by the Value Reporting Foundation.

Our Sustainability Material Topics



OUR MATERIAL TOPICS AND SUSTAINABILITY APPROACH

WE CONSIDER OUR MATERIAL TOPICS **AS THE STARTING POINT OF OUR SUSTAINABILITY APPROACH.**

We have determined our Priority Sustainable Development Goals as Quality Education, Gender Equality, Decent Work and Economic Growth, Industry, Innovation and Infrastructure, Reducing Inequalities.

Determining the Materiality
We define determining our materiality, as the starting point of our sustainability approach. With this perspective, during the first Integrated Annual Report studies in 2019, we shaped our material topics by taking our stakeholders’ opinions with the Stakeholder Dialogue studies that we conducted under the moderation of an external expert consultant organization. Details on the Stakeholder Dialogue 2019 process can be found in our [2019 Integrated Annual Report](#).

Based on the Stakeholder Dialogue analysis we conducted in 2019, we reassessed our materiality within the framework of our Bank’s strategy, global and sectoral trends, risks and opportunities, and our managers’ views. Besides, we have taken into account the internationally guiding principles and outputs in the field of sustainable development, such as the interviews we have with our managers in different units, trends that drive the industry, the United Nations Sustainable Development Goals, the United Nations Global Compact, CDP, Task Force on Climate-related Financial Disclosures (TCFD).

In the light of these studies, we also evaluated our material Sustainable Development Goals that we resolved together with our material topics, and concluded our focus on Sustainable Development Goals as Quality Education, Gender Equality, Decent Work and Economic Growth, Industry, Innovation and Infrastructure and Reducing Inequalities.



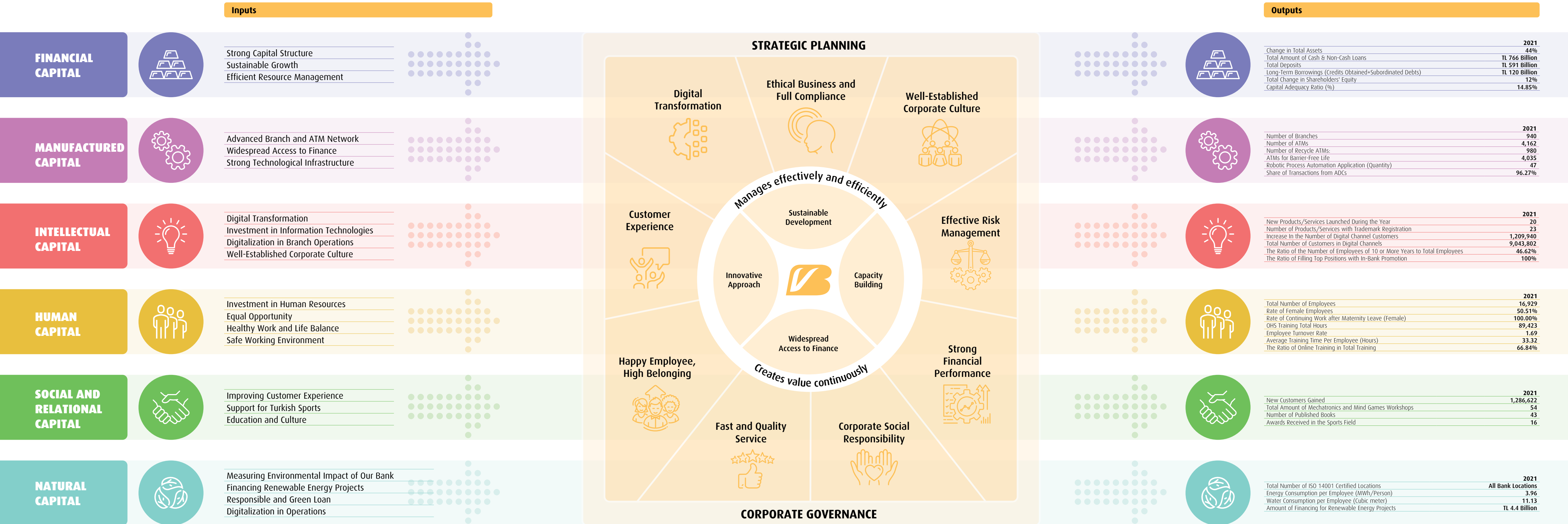
The Relation of Our Material Issues with Capital Components and UN Sustainable Development Goals*

The Sustainable Development Goals (SDGs) being accepted by 193 member countries of the United Nations in 2015 is a call for action towards a common future for our planet. These goals are one of the guides among our sustainability approach. Within this scope, we care to contribute to UN SDGs with our operations.

Material Topics	Related UN Sustainable Development Goal					Related Capital Item			
Employee Engagement and Satisfaction	3	4	5	8	10				
Digital Transformation	8	9	12	13	17				
Equal Opportunity and Diversity			5	8	10				
Financial Inclusion		5	8	9	10				
Financial Literacy	4	5	8	10					
Financial and Economic Performance					8				
Climate Change and Environmental Performance of the Bank			6	13	15				
Capacity Building and Talent Management		4	5	8	10				
Corporate Governance				8	16				
Customer Experience and Satisfaction			8	9	10				
Stakeholder Engagement and Transparency			8	10	16				
Risk Management			8	16	17				
Responsible Finance and Sustainable Development	2	5	6	7	8	9			
Supplier Management	3	4	8	12	13	16			
Social Responsibility		4	5	10	17				
Compliance and Audit				8	16				

* In alphabetical order according to the material topic in the table.

OUR VALUE CREATION MODEL



OUR PERFORMANCE INDICATORS BY CAPITAL ELEMENTS

	2020	2021
Asset Growth	66.63%	44.11%
Loan Growth	53.59%	35.93%
Commercial Loan Growth	50.35%	42.67%
Retail Loan Growth	63.97%	16.19%
Deposit Growth	64.61%	42.72%
Net Fee-Commission Income Growth	-14.67%	32.59%
Non-Performing Loan Ratio	3.97%	3.09%
Non-Deposit Sources/ Total Liabilities	16.02%	18.11%
Capital Adequacy Ratio	16.44%	14.85%
Other Operational Expenditures/Operational Income	30.72%	34.75%

	2020	2021
Number of Branches	936	940
Number of ATMs	4,247	4,162
ATMs for Barrier-Free Life	3,978	4,035
Share of Transactions from ADCs	95.92%	96.27%

	2020	2021
Number of Mobile Banking Customers	6,982,828	8,250,461
Share of Digital Channels in Total Transactions	86.16%	87.40%
Number of Cardless ATM Transactions	12,367,584	15,953,300
Volume of Cardless ATM Transactions	10,144,819,241	12,684,470,322
Number of transactions made with QR Code	7,663,379	11,814,548

	2020	2021
Total Number of Employees	16,748	16,929
Newly-Recruited Employees	370	624
Employee Turnover Rate	1.65	1.69 ✓
Ratio of Female Employees	50.62	50.51 ✓
Average Year of Seniority	9.97	10.51 ✓
Average Training Hours per Employee	46.97	33.32 ✓
Share of Digital Trainings in Total Hours of Education	79.15%	66.84% ✓
Number of Employees Attending Information Security Training	450	12,830

	2020	2021
Total Number of Active Customers	20.9 million	20.9 million
Rate of Received/Resolved Complaints	99%	98%
Number of Events	42	104
Number of Mechatronics, Mind Games and Artificial Intelligence Workshops	54	54
Awards Receive in Year	18	49

	2020	2021
Amount of Paper Used	383 Tons	672 Tons
Total Locations Holding ISO 14001 Certificates	All Bank Locations	All Bank Locations
Energy Consumption Per Employee		Energy Consumption Per Employee
Number of Renewable Energy Projects Financed	28	22 ✓
Scope 1+2 Emissions	36,726 Tons	18,202 Tons ✓

✓ It has been subjected to limited assurance by the Independent Audit Firm.

OUR MEDIUM- AND LONG-TERM (3 TO 5 YEARS) GOALS

OUR MEDIUM- AND LONG-TERM (3 TO 5 YEARS) GOALS	Material Issues	Related UN Sustainable Development Goal	Related Capital Item
We will continue to effectively fund the financial needs of the real sector and households.	Responsible Finance and Sustainable Development	           	   
We will continue to work to raise employee awareness by maintaining the Integrated Management System's continuity (ISO 9001-ISO 14001-ISO 45001).	Climate Change and Environmental Performance of the Bank	  	  
We will continue to expand our investor base by effectively sustaining our communication with equity and fixed income investors.	Stakeholder Engagement and Transparency	  	 
To increase awareness about sustainability, we will increase the types and numbers of training.	Capacity Building and Talent Management	   	  
We will continue our efforts to make our value-creation activities for sustainable economy, society and environment more visible on national and international platforms.	Responsible Finance and Sustainable Development	           	   
We will analyze the impact of climate risk on our Bank including physical risks and transition risks.	Climate Change and Environmental Performance of the Bank	      	  
We aim to sign the Principles of Responsible Banking for the United Nations Environmental Program Financial Initiative (UNEP FI).	Climate Change and Environmental Performance of the Bank	      	 
To contribute to the Bank's environmental performance, we will strive to increase our performance score from "B" to "A" within the scope of the CDP Climate Change Program.	Climate Change and Environmental Performance of the Bank	   	 
We are continuing our efforts to contribute to the CDP Water Program with at least a "B-level" performance score.	Climate Change and Environmental Performance of the Bank	    	 
We will carry out our activities to play an active role in the market in responsible and green financing areas to create investment opportunities in our bank that can provide permanent value for investors.	Responsible Finance and Sustainable Development	           	   
We will continue our efforts to improve our score on local international sustainability indices	Corporate Governance	 	   
We will steer our efforts to ensure our continuity in the sustainability indices in which we are currently listed (BIST Sustainability Index, FTSE4Good Emerging Markets Index and Bloomberg Gender Equality Index) and to take part in other accepted sustainability indices	Equal Opportunity and Diversity	  	 

OUR MEDIUM- AND LONG-TERM (3 TO 5 YEARS) GOALS	Material Issues	Related UN Sustainable Development Goal	Related Capital Item
We aim to increase the share of transactions made through non-branch channels and the share of digital channels in total transactions	Digital Transformation	    	   
Being the first Turkish public bank to announce that it will make a commitment to reduce carbon emissions within the scope of the Science-Based Targets initiative, which is carried out under the leadership of many international pioneer organizations to contribute to the fight against climate change which is one of the most important global environmental problems of today, we will continue to provide international standards to our facilities to strengthen our reputation with global investors	Climate Change and Environmental Performance of the Bank	  	  
We will continue to improve our practices in the field of Open Banking.	Digital Transformation	    	   
We will continue to make cultural transformation programs that support digital transformation	Capacity Building and Talent Management	   	  
We will continue to improve our practices in the field of Open Innovation.	Digital Transformation	    	   
We aim to examine in detail the end-to-end experience of "Being a member of VakıfBank" and to improve customers' experiences at interaction points with our journey map designs.	Customer Experience and Satisfaction	  	  
Within the scope of the paperless banking project, we will continue to move all our processes to digital by avoiding paper consumption.	Digital Transformation	    	   
We plan to increase the share of "personalized and adaptive learning" applications in our learning ecosystem through digital platforms, which will support the training programs that we offer with the mixed learning model and facilitate the development of our employees.	Capacity Building and Talent Management	   	  
We aim to integrate the mobile banking application into the digital shopping ecosystem.	Digital Transformation	    	   
We will continue our efforts to increase customer satisfaction.	Customer Experience and Satisfaction	  	  

VALUE CREATED FOR VAKIFBANK

While doing our job, we care about the issues below;

- Our Well-established Corporate Culture with 67 years of banking experience,
- Our Strong Financial Performance, which is the result of our leading banking practices,
- Our Effective Risk Management, which plays an important role in long-term sustainable growth,
- Ethical Business and Full Compliance, in our sector where trust is the most important value.

- Customer Experience, which we consider the main factor for the continuity of our bonds with our customers, which plays a key role in the continuity of our business and successes,
- Digital Transformation, which has an important function in developing the services we offer to our customers and improving the customer experience,
- Fast and Quality Service we provide with our extensive branch network, expert staff and modern information technology ability,

- Happy Employee, High Belonging, which are the guarantee of our qualified human resources,
- We care about Corporate Social Responsibility aspects,

that aim to provide social benefit.

We are aware that an organization's ability to create value for itself is linked to the value it creates for all its stakeholders.

VALUE CREATED FOR STAKEHOLDERS

ECONOMIC

- Increasing contribution to the economy
- Channeling customer investments to the right channels
- Strengthening trust in country and state banks
- Increasing economic welfare
- Contributing to employment, manufacturing and exports

SOCIAL

- Expanding access to financial services
- Developing and improving the capabilities of stakeholders
- Increasing social welfare
- Supporting projects that will contribute to future generations
- Promoting the habit of saving

ENVIRONMENTAL

- Aligning with the practices that support the Green Deal Action Plan
- Backing the country's objectives regarding the Paris Climate Agreement
- Supporting eco-friendly projects to leave a more livable world for future generations

our financial capital



Change in
Total Assets
44%

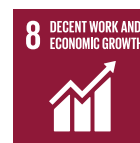
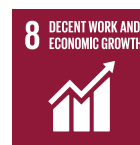
Total Amount of Cash
& Non-Cash Loans
TL 766 Billion

Capital Adequacy
Ratio
14.85%

Material Topics and Sustainable Development Goals

Financial and Economic Performance

Responsible Finance and Sustainable Development



RISKS

- Changing laws and regulations
- Disruptive technological advances and cyber security risks
- Uncertainties caused by economic fluctuations
- Rapid change in customer and investor expectations
- Effects of climate change-induced disasters on financials
- Investors' expectations of the loan portfolio during the transition to a low carbon economy

OPPORTUNITIES

- Strong support of regulatory and supervisory authorities to the financial sector
- Creating competitive advantage in the sector with competent human resources and investments in digitalization
- Reducing marketing costs and increasing product diversity thanks to effective digital transformation
- Having a geographical location that is a center of attraction in many areas from finance to transportation, from trade to tourism
- Easy access to international resources with contributions to deepening of capital markets and increasing product diversity
- Strong brand image facilitating new customer acquisition
- Increasing interest in responsible finance
- The goal of taking an active role in the transition to a low-carbon economy by effectively managing the risks and opportunities created by climate change
- Diversifying and increasing the sustainable loan portfolio with the projects developed

FINANCIAL AND ECONOMIC PERFORMANCE

IN THIS YEAR OF THE CONTINUED EFFECTS OF THE PANDEMIC, **WE HAVE WORKED HARD TO ENSURE THAT THE FINANCIAL SYSTEM WORKS EFFECTIVELY AND THAT RESOURCES ARE USED IN THE RIGHT AREAS.**

VakıfBank Commercial
Loan Growth Rate
43%

In 2021, we, as VakıfBank continued to stand by our customers by continuing our support for our country's sustainable development. During this period, we increased our assets by 44% to TL 1,007 billion. So we continued to be Turkey's second-largest bank.

When the effects of the pandemic persisted this year, we worked tirelessly to ensure that the financial system functioned properly and that resources were allocated appropriately. In 2021, we increased commercial loans by 43% and personal loans by 16%, demonstrating our commitment to all segments of society. The support we provided to the national economy through cash and non-cash loans reached TL 766 billion in 2021.

In terms of funding, we increased our total deposits by 43% to TL 591 billion. In terms of non-deposit funding, we maintained our leading position in international debt capital markets. We continued to provide varied medium- and long-term foreign funds to support the national economy and our customers during this time, contributing a total of USD 5.4 billion in additional resources. We were the bank with the greatest sustainability-themed resources in its funding structure in 2021. We will focus on new and different alternatives in non-deposit financing in the upcoming periods and maintain our pioneering position in this field.



Direct Economic Value Generated and Distributed

Direct Economic Value Generated and Distributed (TL Thousand)	2018	2019	2020	2021
Direct Economic Value Generated				
Revenues (Net Operating Income)	15,910,769	18,495,899	26,281,913	27,363,201
Distributed Economic Value				
Operational Expenses (Operating Expenses)	5,873,337	6,618,617	8,073,022	9,508,389
Employee Remuneration and Benefits	2,191,782	2,837,255	3,334,128	3,999,201
Payments to Capital Providers (Dividend)	0	0	0	0
Payments to the Government (Current Tax Provision)	745,141	1,715,496	1,899,145	166,899
Expenditures on Social Investments	4,921	3,194	85,843	42,115

Through the loans we extended, we have continually maintained our support for our producers, entrepreneurs, and households.

EASY ACCESS TO INTERNATIONAL MARKETS

WE ARE THE BANK **WITH THE HIGHEST LEVEL OF SUSTAINABILITY-THEMED RESOURCES IN THE FUNDING STRUCTURE.**

We have obtained new funding from the international markets, amounting USD 5.4 billion.

In 2021, despite the challenging market conditions due to the Covid-19 pandemic that hit the world, we obtained a total of USD 5.4 billion of new funding from international markets. With these operations carried out in foreign capital markets, we have revealed the reputation and credibility of Turkey and VakıfBank before international investors.

On March 22, 2021, we completed the largest one-time securitization transaction in the Turkish banking sector, with maturities ranging from 5 to 7 years and a total value of USD 1 billion 750 million, as part of the securitization program based on future flow transactions, with the participation of 7 different correspondent banks from around the world.

In April 2021, we obtained a syndicated loan of USD 237.5 million and EUR 691.3 million, amounting USD 1.1 billion, with a 105% rollover ratio, with the participation of 38 banks from 18 countries. We obtained USD 650 million in syndicated loans in November 2021, with the participation of 27 banks from 16 countries, consisting of USD 296 million and EUR 313.5 million. With this loan, we renewed all our syndicated loans under sustainable performance criteria.

We became the Turkish bank with the highest level of sustainability-themed resources in this period as a result of our sustainable Eurobond issuances and syndicated loan deals. We were granted the “Best Financial Institution Issuance of the Year” award at Bonds & Loans Turkey 2021 for our first Sustainable Eurobond issuance in 2020, one of the most prestigious and respectable awards in the financial industry. We successfully concluded our Bank’s second sustainable Eurobond issuance in September 2021. Nearly 180 institutional investors from all over the world, from the Middle East to Asia, from the UK to the US, participated in the transaction, which received a demand 4 times higher than the amount of the issuance. Thanks to the strong demand, the coupon rate of the bond amounting USD 500 million was 5.5%, 62.5 basis points below the initial level; the final rate of return was 5.625%. With the success of this transaction and the return of investors, we confirmed the success of our Bank’s activities in the field of sustainability and the sustainable finance program we have established once again. We cemented our pioneering and innovative role in this field by securing a new sustainability-themed resource amounting EUR 200 million with a maturity of 4 years in December. We have committed to reducing our carbon emissions, maintaining a high rate of female employees, and participating in the Carbon Disclosure Project (CDP) Water Program with this transaction under the theme of sustainability. In accordance with the “Sustainable Finance Framework Text,” we will make funding available to SMEs through renewable and sustainable energy projects, and green housing loans with the high environmental awareness that meet certain criteria.

Throughout 2021, we carried out dedicated sales transactions for qualified investors abroad, with a maturity of 3-12 months, amounting to approximately USD 193 million in various currencies as part of 9 different transactions, under the Global Medium-Term Note Program (GMTN).

With the spread of the Covid-19 pandemic in our country and around the world, we signed an Emergency Firm Support Project Loan Agreement amounting USD 250 million with the World Bank on September 9, 2020, with the TR Ministry of Treasury and Finance guarantee, to provide financing to the companies most affected by the crisis. We continue our extensions as part of this resource, which has a 7-year grace period and 23-year maturity.

We also strive to assume a pioneering role in environment-friendly financing. In 2020, within the scope of the French Development Agency (AFD) and Green Mortgage project, we obtained the largest amount of financing in the Turkish banking industry amounting EUR 200 million. We began extending these funds in 2021 with

the “Green Mortgage Loan” campaign, as the first bank in the sector to obtain such a high amount of environment-friendly funding. As a result, we not only promote the construction of high-energy-efficiency homes in Turkey, but we also demonstrate our commitment to sustainable development goals through the financing we provide.

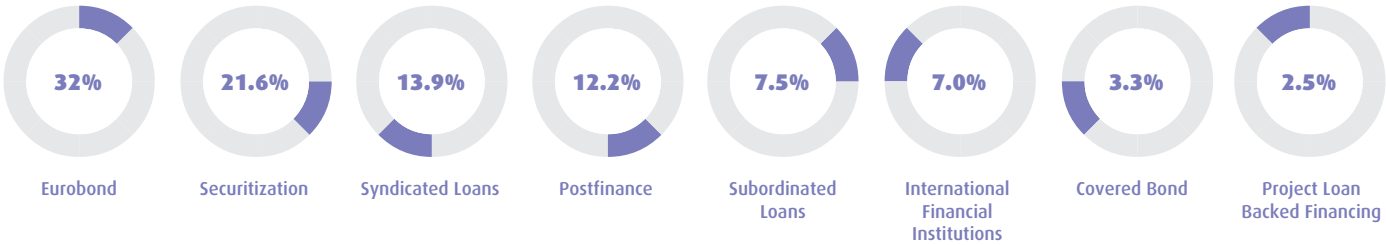
We continue to cooperate with the European Investment Bank (EIB), the World Bank (WB), the European Bank for Reconstruction and Development (EBRD), the German Development Bank (KfW), and the French Development Agency (AFD) to support the real sector with long-term and cost-effective resources.

As one of the most active banks in the international capital markets, we continue our uninterrupted support to deepen capital markets in Turkey, increase product diversity, and create resources for the national economy and the real sector by means of the transactions carried out under various structures.

Below are the details of our resources as of the end of 2021.

In April 2021, we obtained a syndicated loan amounting USD 1.1 billion.

Distribution of Our International Funding



RESPONSIBLE FINANCE AND SUSTAINABLE DEVELOPMENT

WE SUPPORT THE REAL SECTOR WITH OUR PRODUCTS THAT **FOCUS ON “SUSTAINABILITY.”**

We develop products that contribute to the “Sustainability” principle we put at the center of our activities.

We make available sustainability-themed products, constituting one of our Sustainable Development approach's essential components, for our customers to support socio-economic development by considering all segments of society. We promote social development and stand by all segments of society, from households to the real sector, with the support we provide.

While supporting our customers, we take steps to evaluate and manage the environmental and social impacts of the projects we finance, with the awareness that our most significant impact in the environmental and social domain is through financing.

Support to the Real Sector

We implemented the Çıpa (Anchor) loan package in 2021 to eliminate the harmful impacts of the Covid-19 pandemic on our economy and to boost firms' production, investment, and export-oriented activities. The package supports the production and investment environment and contributes to employment growth. In this context, we supported manufacturing companies engaged in import substitution, exporting companies who are members of the Turkish Exporters Assembly (TİM), and companies from other strategic industries. In addition, we extended CBRT Policy Interest-indexed loans with this package for the first time in Turkey.

In addition, we have created a Pandemic Support Package for Enterprises within the scope of a USD 250 million loan source obtained from the World Bank. With this package, we wanted to support businesses in compensating for economic losses incurred as a result of the pandemic and adapting to changes in their business models and environments. While providing low-cost and long-term business loans as part of the package, we also evaluate the **environmental and social impacts** of the projects for which we provide loans. With the package, we foster businesses' financial immunity against the pandemic while supporting **women entrepreneurs and managers, new businesses, and rural development**. We also finance expenditures and investments that could be related to **sustainability, climate change, and energy efficiency**.

The “Sustainability” principle that we, as VakıfBank, put at the center of our activities is reflected in the products we offer to our customers. In this context, we launched our product named **Sustainability and Resource Efficiency Loan** to finance the expenditures of businesses to perform their activities by consuming less energy, less water, and less raw materials and to recycle the wastes generated during their operations. We also encourage businesses to utilize environment-friendly items in their production and consumption, decrease the use of chemicals, collect rainwater for recycling, perform improvements in insulation and lighting, and work on optimization activities using this product.



Sürdürülebilir bir gelecek hepimize iyi gelecek

Gelecek nesillere daha yaşanabilir bir dünya bırakmak için faaliyetlerimizde sürdürülebilirliği merkeze alıyor, Sürdürülebilir Bankacılık yolunda her geçen gün yeni adımlar atıyoruz. Çünkü bizde sürdürülebilirlik, vazgeçilmez bir gelenektir.

VakıfBank, daima seninle.



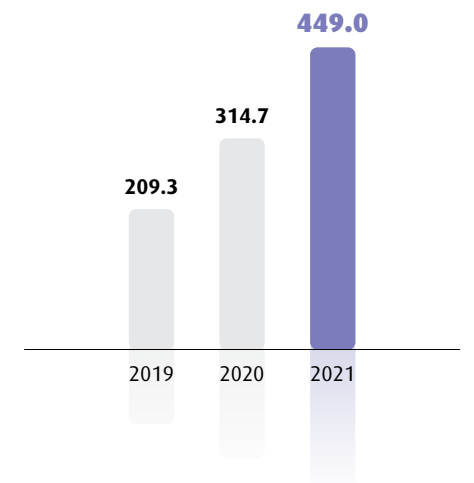
In addition, in 2021, we introduced and made available to businesses the product named VakıfBank Environmental Vehicle Loan, which allows businesses to finance electric or diesel (Euro 6) environment-friendly vehicles that **provide savings in fuel and help to reduce air pollution and carbon emissions**. In this context, we finance 0 km vehicle and fleet loans for all vehicle types such as electric or low-carbon diesel-powered cars, trucks, and buses.

In addition, we implemented the Supplier Financing Loan for the Defense Industry during this period, which facilitates the access to finance of companies that are suppliers of companies by establishing protocols with our domestic and national defense industry companies to support the suppliers of our country's national and domestic defense industry companies.

During the pandemic, we have continued to take steps that will help business owners remotely manage all their banking transactions. In June 2021, we realized the launch of VBanko Cheque Digital, supporting an environment of mutual trust in trade by securing the value of cheques. We supported the execution of secure trade even faster and more effectively with our VBanko Cheque Digital solution, which combines the trust of a letter of guarantee with the ease of circulation of a cheque. We were deemed worthy of the silver award in the field of “Product Innovation” at the Stevie International Business Awards 2021 with VBanko Cheque Digital; of the second prize in the field of “Future Of Customers And Consumers” at the IDC DX Summit 2021; and at the PSM Awards 2021, we were granted a gold award in the “Most Innovative Product/Service/Project” category and a silver award in the “Best Promotion Marketing Achievement” category.

In 2021, we created the VakıfBank Environmental Vehicle Loan and made it available to businesses.

Commercial Loans (TL Billion)



RESPONSIBLE FINANCE AND SUSTAINABLE DEVELOPMENT

WE WILL CONTINUE TO **SUPPORT OUR SMES WITH OUR RESPONSIBLE FINANCING AND SUSTAINABLE COLLABORATION APPROACH.**

We continued to offer KGF (Credit Guarantee Fund) Support Loan Packages to SMEs to support companies that create added value.

Support for SMEs

In 2021, we offered many suitable new products to our SMEs.

In this context, we have continued to provide KGF Support Loan Packages to support SMEs that create added value in 2021. We provided financing to domestic producers who manufacture machinery, raw materials, and intermediate goods in certain product groups under favorable conditions as part of the package. Financing domestic machinery purchases, in particular, we enabled our SMEs to meet new technologies, contribute to **energy efficiency** and support **domestic production**. We have also made a sustainable **contribution to the female and young workforce**, especially with the KGF Additional Employment Support Package.

Meanwhile, with the **TOBB Breath Loan 2021**, we have contributed to the healthy growth of businesses and also to the environment and the sustainability of the economy with the **Sustainability and Resource Efficiency and Eco-Friendly Vehicle Loan**. In addition, by offering our **"Profitable POS"** product in 2021, we have enabled SMEs to make financial savings in their member merchant transactions.

We have expanded our VBanko Cheque product, which determines the "Cheque Warranty Limit" by evaluating the financial status and cheque payment performance together for the company. So we secured the cheques of merchants and got them to run their businesses without interrupting their payments. In addition, we have also enabled, using VBanko Cheque Digital, real people with commercial and legal activity to be able to define limits and warranty on their cheques over the internet and mobile banking channels and we have ensured that people who are not customers of our bank can see the defined warranties through mobile banking.

With the pandemic, rapid progress has been performed in digitalization globally. During this period, we continued to enrich our **Commercial Mobile Banking** application. We have ensured that SMEs can access many banking products and services through our Commercial Mobile Banking application. We continue our efforts in line with the regulations to enable SMEs to become remote customers.

During this period, we increased transaction diversity for our SME and commercial customers with Real-Time Campaign Management. This way, we can offer our customers the service they need when they need it through any channel they like.

VBanko Çek Dijital ile ticarete kurallar değişiyor

VBanko Çek Dijital üzerindeki karekodu tek tıkla okutarak çekin garanti tutarını ve süresini anında öğrenebilir, ticarete VakıfBank gücünü yanınıza alabilirsiniz. Çeki alan da veren de rahat etsin diye...

VakıfBank, daima seninle.

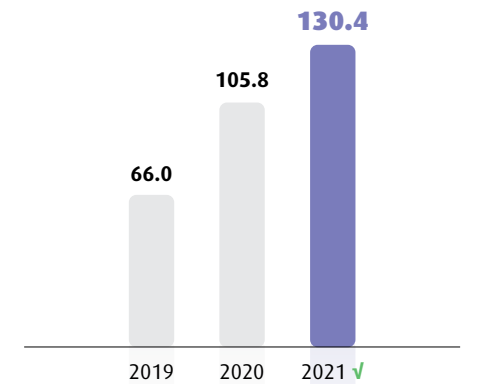


We have strengthened our current structure to offer the products and services we provide to SMEs to a wider audience. In this context, we closely followed the needs of SMEs by performing customer visits both online and in person. We increased our SME loans to TL 130.4 billion according to the legal SME definition during this period.

In 2022, we will continue to support SMEs with our responsible financing and sustainable cooperation approach, offering new products allowing SMEs to access financing without interruption and protect employment.

We have ensured that SMEs can access many banking products and services through our Commercial Mobile Banking application.

SME Loans (TL Billion)



✓ It has been subjected to limited assurance by the Independent Audit Firm.

RESPONSIBLE FINANCE AND SUSTAINABLE DEVELOPMENT

WE BECAME ONE OF THE FIRST BANKS TO BE INTEGRATED INTO THE E-MUNICIPALITY SYSTEM.

We implement all solutions required by our municipalities in the fastest way possible.

Support to Local Governments

In 2021, we continued to support local governments in their financing needs through our responsible banking approach.

As VakıfBank, we are implementing all the solutions that our municipalities need by combining our know-how of many years for “Municipality Banking” with our powerful technological infrastructure in the fields of cash management and public collections.

We have become one of the banks integrated in a short time into the “E-Municipality” system, which was established in 2021 under the coordination of the Ministry of Interior for the provision of local services to the citizens electronically.

We are one of the most active stakeholders of the E-Municipality system and have completed our preparations to support all municipalities. In this context, we support the integration of our municipalities into the collection module embedded in the E-Municipality system.

In the next period, we will continue to provide the necessary support to provide the funding that our municipalities will need in performing their services. At the same time, we will make the lives of both local governments and our citizens easier by producing innovative solutions for the banking business and transactions between citizens and local governments to be carried out quickly and effectively.

Support for Foreign Trade

Using our powerful correspondent bank network consisting of 1,318 banks and financial institutions in 122 countries worldwide, we mediate our customers’ transactions in terms of foreign trade, letters of guarantee, and payment. In addition, we provide alternative solutions to help our customers achieve medium- and long-term funding resources. We are mediating both domestic and foreign currency payments with our correspondent accounts in 16 different currencies and at more than 60 banks in many countries around the world.

In 2021, we offered our foreign trade expertise to our customers in line with our goal of becoming the “Leading Bank in Foreign Trade.” Despite the challenging market conditions that stemmed from the pandemic and continued to increase their impact in 2021, we have consistently improved our bank’s foreign trade market share and service quality.

In addition to our existing customers whose foreign trade transactions we mediated, thanks to new customer acquisitions in 2021, we increased the number of our foreign trade customers by 45% year on year. Consequently, using our increased number of foreign trade transactions, we increased our total foreign trade volume by 123% in 2021 compared to the previous year.

IN DECEMBER 2021, WE SIGNED A BILATERAL LOAN AGREEMENT WITH THE DEVELOPMENT BANK OF CHINA, AND **FOR THE FIRST TIME IN THE HISTORY OF THE BANK, WE OBTAINED YUAN DENOMINATED INTERNATIONAL FUNDING.**

We have enabled foreign trade transaction requests to be conveyed through Internet banking and mobile banking channels, allowing customers to easily and quickly perform their transactions. We have enabled our customers to transfer the requests for mass transfers in accordance with their systems by integrating with our Bank and to quickly complete the money transfers in one flow. We have increased the number of our customers transferring foreign currency by 33% compared to the previous year, while also increasing the rate of automated Foreign Currency transfer transactions from 37% to 45%.

We have designed new advantageous transaction packages in line with our aims to ensure that our customers perform foreign trade transactions in exchange for competitive fees within specific quotas without any cost and to support our economy in the field of foreign trade.

We aim to make mobile banking sales of advantageous transaction packages, which we have prepared specifically to meet customer needs, by 2022, and to enable our customers to easily carry out all stages of foreign trade transactions through alternative channels.

We continue to diversify and cement our funding structure thanks to our strength and credibility in international markets. In this context, we support the import and export transactions of our customers with the loans we provide through the agreements concluded with international financing institutions such as European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC), and Taiwan Export-Import Bank (TEXIM).

In December 2021, we signed a bilateral loan agreement with the Development Bank of China, and for the first time in the history of the bank, we obtained Yuan denominated international funding. The final maturity of the loan worth 3.5 billion Yuan, which has been provided to be utilized for the funding of foreign trade between the two countries and the overall funding needs, was 3 years. As a result, we provided funding of approximately USD 1.3 billion from correspondent banks within the scope of the bilateral loan agreements and post-financing transactions last year.

In 2022, we will continue to support our vast customer base trading with different parts of the world by correctly identifying their demands and needs with an awareness of the significant contribution foreign trade makes to the national economy. At the same time, we aim to offer innovative products under the most appropriate conditions to our customers and to provide alternative financing possibilities, with our high technology, high-quality service, and widespread network of correspondent banks as well as our knowledge and experience of many years in the field of foreign trade.

In 2021, we increased our total foreign trade volume by 123% compared to the previous year.

RESPONSIBLE FINANCE AND SUSTAINABLE DEVELOPMENT

WE CONTINUE TO ROBUSTLY SUPPORT THE AGRICULTURAL SECTOR, WHICH IS GROWING IN IMPORTANCE STRATEGICALLY.

In 2021, we financed the operational needs of our farmers in a quick, easy, and cost-effective way.

Support to Agriculture

With the belief that sustainable agriculture is critical in terms of our country's future, as VakıfBank, we continue to stand by our farmers with our expert staff and attractive banking products and services. In this context, in 2021, we financed the operational needs of our farmers in a quick, easy, and cost-effective way.

During this period, we have provided loan support to our farmers, and in addition, we have provided service to our farmers who want to receive financial support through our Agricultural Banking tablet application, which we have previously deployed and continued to develop in 2021. As

in previous years, in 2021, we have enabled our contract farmers to pay the product prices smoothly and healthily. In this context, we have mediated for approximately 25 thousand farmers who produce sugar beet for the Kayseri, Turhal, Çorum, Erzurum, and Erzincan sugar factories to pay the product prices quickly and smoothly within the framework of the pandemic rules.

We have touched 284,000 farmers so far, meeting all the needs of business and investment credit for producers, from vegetable production to greenhouse, livestock to fisheries, and as of the end of 2021, we have contributed nearly TL 2.1 billion to the industry. The number of VakıfBank contracted agricultural member businesses, where farmers can do interest-free shopping with VakıfBank TarımKart, exceeded 10,000 with the new agreements we made. In addition, as a result of the agreements we made in 2021, we increased the turnover of TarımKart member merchants by 83% compared to the previous year.

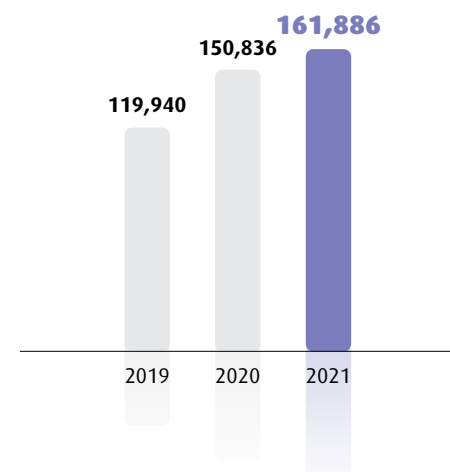
We attach great importance to agricultural chambers, associations, and co-operatives so that the micro-scale farmers can be protected and perform better production. As part of a collaboration with leading associations and co-operatives such as Tarıf, Pankobirlik, irrigation co-operatives, sprawl, and cattle breeders' unions, we have offered the partners of the unions an opportunity to meet agricultural input procurements at affordable costs. In addition, within the scope of the agreement concluded with the Turkish Grain Board (TMO), we mediated product price payments and supported the development of licensed warehousing activities. We provided loans to our producers against ELÜS (Electronic Product Bond) collateral.

In addition, we provided affordable interest rates for all types of financing needs of farmers, including tractor loans, agricultural land, agricultural equipment, and dairy animal purchases, with 5-year term investment loans. Within the scope of VakıfBank Agricultural Banking, we continue to provide services to our producers with more than 30 products such as **"Organic Agriculture and Greenhouse Loan"** to encourage farmers to modernize their production methods, **"Agricultural Equipment Loan"** for our customers to save labor and energy, and **"Agricultural Land Purchase Loan"** to re-introduce unused lands to production.

After we introduced our innovative solutions for farmers and businesses in the value chain of the Agricultural Banking business line, we supported many stakeholders and approximately 40 thousand farmers with more than 20 teams consisting of 70 people in designated locations outside the branches.

As VakıfBank, we will continue our efforts as not only a financing institution providing loans to the agricultural sector but also as a bank that completely engages in agricultural banking with the value added to the lives of farmers.

Number of TarımKart Customers



Support to Households

As one of the sector's leading banks in retail banking with our experience and customer-focused strategy in the field of retail banking, we serve over 19 million retail customers and continue to provide financial support to households with our products in both loan and savings deposits.

As a bank that has been aiming to develop the country's economy along with itself in all of its operations since the day it was founded, in addition to supporting production, exports, and employment, we are also striving to offer new products for our retail customers so that they can make the most of their savings. Devastating the entire world, the Covid-19 pandemic adversely affected the real sector and daily life as well as the financial markets. In this context, we support our retail customers with loans at affordable interest rates to help them minimize the impact of the pandemic.

As the digital transformation of our bank continues at full speed, we continue to offer innovative solutions that meet the demands and needs of our customers. With the emphasis we place on the spirit of digital transformation and innovation, we introduced another first in the banking sector. Thanks to our cooperation with Mastercard, we offered our customers the "Instant Digital Credit" and "Instant Digital Installment Additional Account" products, which will allow the retail customers who have digital spending habits to use credit through the payment screen for their e-commerce purchases.

Moreover, our Bank's product Sky Limit remained an attractive option for users from every segment, allowing customers to easily manage their budgets by leaving credit limit management at their discretion, and also allowing them to do so via mobile or online banking without having to go to a branch. We continued to identify tailored limits for our customers determined based on their characteristics like sector, occupation, and income within the scope of the institution they work for and their duties and titles there. By the end of the year, we have acquired more than 1.8 million people as Sky Limit customers.

In 2021, we introduced the "Green Mortgage Loan" campaign exclusive to the financing of completed or incomplete houses with A or B-class building energy performance to our customers to contribute to sustainable development by increasing the number of residences with high energy efficiency in our country. In addition, we planted more than 160,000 saplings as part of the Environment-Friendly Mortgage Loan to help future generations live in a greener, more beautiful, and environment-friendly world.

To support our understanding of sustainable banking, we offered the "Eco-Friendly Vehicle Loan" to our customers at affordable interest rates, providing the financial support they need for the purchase of electric and hybrid vehicles with much fewer carbon emissions compared to gasoline, diesel, or LPG vehicles. Furthermore, along with the pandemic process, we have started working to ensure that our vehicle loans are extended via digital approval, without any paper waste and cost, to meet the needs of our customers without having to visit a branch and to minimize any environmental damage.

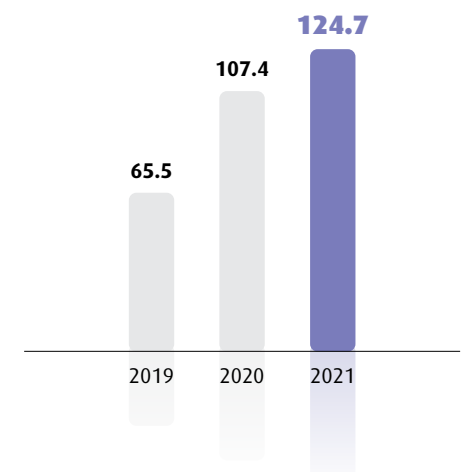
As of the end of 2021, we have increased the number of our Sky Limit customers to over 1.8 million.

For our citizens who want to eliminate their concerns arising from the increase in the exchange rate while utilizing their savings, in December, we introduced the "Foreign Currency Protected TL Time Deposit Account" offering a financial alternative to our customers. In addition, in 2021, we strengthened the savings of households with our daily deposit product, An Account, with advantageous interest rates that earn like a time deposit account but can be spent like a current account, our SKY Deposit Account with advantageous interest rates for customers with SKY Limit and the campaigns we offer through digital channels.

Moreover, during this period, we create personalized financial solutions with our expert Private Banking portfolio managers. At our particular service points designed with an emphasis on customer comfort, in addition to standard banking products, we manage our customers' wealth by following their risk and return expectations. By focusing our growth policies on the axis of acquiring new non-bank customers as well as customer satisfaction, in 2021, we increased the number of our private banking customers by 15% with the efforts we made for target customer groups.

As VakıfBank, we will continue to be a pioneer in the sector with the digital products and services being created by determining our customers' demands and needs with advanced data analytics applications in 2022.

Retail Loans and Changes in Retail Loans Chart (TL Billion)



RESPONSIBLE FINANCE AND SUSTAINABLE DEVELOPMENT

WE CONTINUE TO WORK ON ESTABLISHING AN ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT SYSTEM.

We aim to publish our Environmental and Social Impact Management Policy in 2022.

Responsible Finance

We are aware that we are responsible for the environmental and social impacts of the projects we finance within the framework of our responsible finance approach, which is the basis of our duty to contribute to society and the environment. In this context, **“Environmental and Social Impact Assessment and Sustainability” is included as a particular title in our Credit Policy Document to evaluate the environmental and social impacts of the projects we finance.** In this way, we focus on creating a positive indirect impact with the projects we provide financing for and **prioritize environment friendly projects, energy efficiency, and renewable energy projects in the financing, whereas we include specific sectors within the scope of prohibited sectors and do not provide financing.**

We request the documents that the projects must provide regarding environmental standards before the project financing. In addition to environmental criteria, we expect various social measures on employee and human rights, ethical values, non-child labor, and non-forced labor.

Since we consider it our responsibility to monitor the continuity of the positive impact created in the projects we finance, we also monitor the projects' environmental and social performance during the investment and operation periods and realize the commitments made.

This process, which we have implemented at the project finance stage within the framework of a responsible banking approach, also facilitates our cooperation with international financial institutions such as the World Bank, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the French Development Agency (AFD), and the German Development Bank (KfW). Thus, we can successfully manage the process of meeting the high ethical, environmental and social criteria, which are among the requirements of many projects that we provide financing through related institutions.

In 2020, we signed a USD 250 million Emergency Firm Support Project with the World Bank. Within the scope of the project to finance the working capital and investment loan requirements of SMEs most affected by the Covid-19 pandemic, **every loan application to be funded under the World Bank policies must be subjected to the Environmental and Social Risk Management System.** In this context, we designed an Environmental and Social Risk Assessment Tool for the project and **initiated the loan extension process in April 2021.**



Again, we signed a EUR 200 million resource agreement with the French Development Agency (AFD) for energy-efficient mortgage in 2020. As part of this funding, we aim to support the reduction of residential energy consumption and greenhouse gas emissions stemming from the residential construction industry to accompany Turkey on a more sustainable development path. With the agreement, we aim to contribute to developing the green mortgage market by raising awareness among construction manufacturers to make Turkey's industry practices environment-friendly. On the other hand, customers who prefer budget-friendly and high-energy-efficient houses will also have easier access to loans throughout their economic life.

Furthermore, we continue to work on the establishment of an Environmental and Social Risk Management System in loan allocation processes within the scope of the fund obtained from the French Development Agency (AFD). In this context, we assigned a new system-specific department at our bank called the Environmental and Social Impact Analysis Department. We have made certain progress in developing the new system. **We will primarily include Project Loans exceeding USD 20 million in the system in 2022.** Then, with the contribution of capacity development within the Bank, we plan to include the entire loan portfolio, except for retail loans, in the system. In addition, we aim to publish our Environmental and Social Impact Management Policy and the Exclusion List included in the annex of this document in October 2022.

We signed a EUR 200 million resource agreement with the French Development Agency (AFD) for energy-efficient mortgage in 2020.

In the coming period, we will continue to take strong steps in the field of sustainability by prioritizing environment-friendly projects, energy efficiency, and renewable energy projects.

our intellectual capital

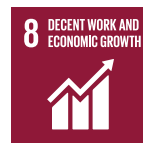


Total Number of
Customers Using
Digital Channels
9,043,802

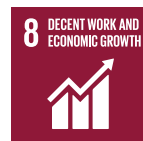
Amount
of Products/
Services with Brand
Registration in 2021
23

Material Topics and Sustainable Development Goals

Digital Transformation



Risk Management



RISKS

- Problems that may be encountered in the process of compliance with legal regulations and ethical rules for banking
- Failure to adapt to disruptive technological developments at the required speed
- Failure to develop products and services suitable for changing customer habits
- Being insufficient against cyber attacks
- The negative impact of unconscious use of natural resources on climate change

OPPORTUNITIES

- Working in coordination with regulatory and supervisory authorities
- Technological developments
- Collaborations with Fintechs
- The emergence of new products and service areas
- Digital transformation reduces the use of natural resources
- Making a positive contribution to climate change with original projects

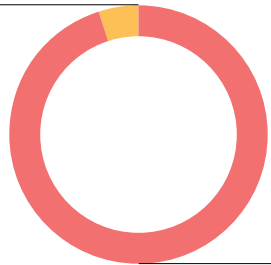
DIGITAL TRANSFORMATION

IN 2021, WE COMPLETED THE DEVELOPMENT OF VAKIFBANK INNOVATION “VINOV,” A PRODUCT THAT WILL BRING A NEW UNDERSTANDING TO THE SECTOR IN TERMS OF CASH MANAGEMENT PRODUCTS, WHICH WE DESCRIBE AS “THE NEXT BANKING.”

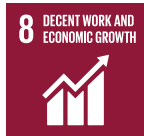
We prioritize big data, artificial intelligence, data analytics, cybersecurity, open banking, and robot software.

Rate of Transactions based on Channels

Branches
3.73%



96.27%
Non-Branch
Channels



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

As a part of the banking system that pioneers the informatics world in an era where technological developments change lifestyles, we continue to develop applications that focus on digitalization.

Among the concepts that come into our lives through the digital era, we prioritize big data, artificial intelligence, data analytics, cybersecurity, open banking, and robot software. We continue to shape the future of digital banking through new ways of doing business, applications, and technologies that come with digital transformation. In addition to expanding the uninterrupted service we provide to our customers with the steps we take, we also strengthen our competitive power in the sector by increasing our operational efficiency.

The world of finance is trying to enter a new digital dimension. As VakıfBank we are pioneering the era. We are mobilizing our digital maturity to improve the customer experience. We are constantly striving for change and development with our digital capacity, digital intelligence, and knowledge. We are making a difference in the industry with the technologies we have developed, taking the needs of our customers to our center.

In 2021, we completed the development of VakıfBank innovation “Vinov,” a product that will bring a new understanding to the sector in terms of cash management products, which we describe as “The Next Banking.” Through Vinov, we offer a digital end-to-end payment management service that appeals to all retail and commercial customers, offers a VakıfBank guarantee in deferred payments, and is available 24/7 for all retail and commercial banking customers. Also, with the Vinov Business feature, we are creating an innovative banking ecosystem that offers collection methods.

In the race for digitalization, we are driven to lead the industry in terms of products and services offered to commercial customers. We think that digitalization and open banking will transform the banking sector as an inseparable duo. In this context, we created special experiences for our commercial customers with the new products and services we offered in 2021. The foremost among them is our **All Account, SME Digital Loans Platform, and Private Company Remote Customer Acquisition** projects.

With **VakıfBank All Account**, our new digital banking product offered within the scope of open banking, we made it possible for businesses to view their account information and activities at other banks, of which they are customers, via VakıfBank Mobile and Internet Banking, without having to enter each bank’s digital channels separately. Thus, we aim to make our customers’ business processes more efficient, easier, and streamlined.



We are also consolidating our strength in cash management services. In 2021, we have added new features to our existing web service products such as **Online Mass Payment System, Online Account Activities, Online Tax Payments, Online Direct Debiting System**, in line with our customers’ demands so that our customers can make their transactions more flexible through web services/APIs.

We have turned digitalization into a transformation philosophy within ourselves, with works in the scope of improving our bank’s operational processes. In addition to increasing speed and accessibility with our digital banking applications, we also provide efficiency in processes and savings in the use of resources. With this awareness, we continue to implement practices that will facilitate the lives of our employees. Thanks to the digitalization of our business processes and the applications developed for centralization, we achieve continuous improvement in many processes and measure all process steps by defining them within the scope of service level agreements. We also improve our operational efficiency by integrating **robotic process automation** and using technologies such as **QR barcode reading**.

In this process that we call the digital era, we design the future’s banking and take a pioneering role. With this approach, we make our customers’ lives easier. We focus on our customers’ financial comfort and provide 24/7 uninterrupted access to financial services through our online platforms. In this period, **the share of transactions made through non-branch channels rose to 96%.** Along with the non-branch channels, we continue our efforts to digitalize some branch transactions for facilitating our customers’ lives.

In this context, we simplify our service channels and continue to equip them with AI-assisted voice and face-recognition capabilities to provide easier and more attractive services to our customers. During the pandemic, we have rapidly implemented new applications for contactless transactions, making the call center suitable for remote working, and remote customer acquisition.

In 2021, we offered **‘Click Card’** to our customers in partnership with the world’s leading brand of payment technologies, Mastercard. We enabled our Bank customers who apply for Click Card to shop instantly online, following the instantaneously completed evaluation process, without having to wait for the courier with their approved digital cards and to use the card immediately with Mobile Contactless payment or QR payment in physical POS devices.

Today, while the change in customer habits goes in parallel with the sectoral change, we, as a part of the banking sector, adapt to these changes to the extent permitted by the regulations. In this framework, we aim to be among the banks that increase the variety of applications open to FinTech companies in “Open Banking” and steer the sector. We will also continue with the popularization of the use of robotic process automation and artificial intelligence, as well as the development of hyper-automation models in 2022.

Along with the non-branch channels, we continue our efforts to digitalize some branch transactions for facilitating our customers’ lives.

INTERNET BANKING AND MOBILE BANKING

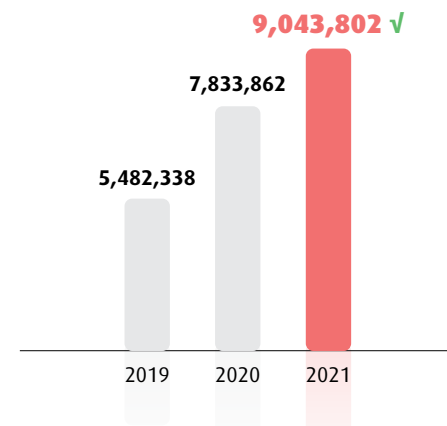
IN 2021, THE TOTAL NUMBER OF OUR DIGITAL BANKING **CUSTOMERS EXCEEDED 9 MILLION.**

With our “digital facilitates” approach, we produce solutions that meet the demands and expectations of our customers.

We provide our customers with the best banking practices in Turkey and the world while developing practices that will be pioneering in the industry, as a bank that places great value on technology creation in addition to our existing banking services and products.

We continue our development efforts to provide VakıfBank users with the best mobile experience. We provide the best mobile application experience to our users by expanding their comfort area by providing simple language, a secure application, easy installation, and a user-friendly design. With NFC, Facial Recognition, and OCR technologies, we allow our customers to easily perform their transactions without going to the branch and calling the call center. We have become the first bank to perform identity reading with NFC via mobile application. We moved transactions like increasing the money transfer limit, obtaining a password, changing account transaction type, and activation, which are among the most frequently performed transactions through branches and call centers, to VakıfBank Mobile. We have quickly and securely activated the remote customer application and made approximately 74 thousand people our Bank's customers through a completely remote process from the beginning of May to the end of the year 2021. During this period, we acquired 1.2 million new digital customers, increasing the total number of our digital banking customers to over 9 million. By the end of 2021, we increased throughput through digital channels by 36% compared to the previous period.

Number of Digital Banking Customers



✓ It has been subjected to limited assurance by the Independent Audit Firm.

With our “Digital facilitates” approach, we produce solutions that meet our customers’ demands and expectations. We increase the number of our products and services day by day. Through this approach, we supported the execution of secure trade even faster and more effectively with our **VBanko Cheque Digital** solution, which combines the trust of a letter of guarantee with the ease of circulation of a cheque. We have guaranteed more than the amount of legal liability with VBanko Cheque Digital. Even if the person receiving the cheque is not a VakıfBank customer, s/he can instantly query the guarantee amount and the validity date by scanning the cheque code on the VakıfBank Mobile application.

Those who are VakıfBank customers may easily perform banking transactions with the artificial intelligence-based digital assistant ViBi, one of the most innovative services of our Bank. Currently being used by more than 5.1 million people, ViBi continues to provide support for nearly 400 banking transactions. The total interaction of ViBi, which provides speed and convenience for customers, is about 45.5 million. ViBi is able to successfully answer over 5,000 questions with a 94% success rate. It can perform many banking transactions such as money transfer, loan application, money withdrawal and deposit using QR codes, cash advance, limit determination, and learning up-to-date exchange rate information.

We are aware that the services we provide through digitalization also reduce our customers’ carbon footprint and indirectly contribute to the combat against climate change. In addition, we believe that the digital migration of customers will accelerate and alternative distribution channels will be used more actively. Therefore, in 2021, we will further increase our speed and efficiency with our technological infrastructure, products, and applications and lead innovation and break ground in this field.

Ekranların sevilen bankası

Dünyaya akıllı ekranlarımız yoluyla ulaştığımız bu çağda VakıfBank olarak teknoloji yatırımlarımızla yenilikçi çözümler üretiliyor, VakıfBanklıların bankacılık işlemlerine en hızlı, en kolay ve en güvenli şekilde ulaşması için çalışıyoruz. Bizi ekranların sevilen bankası yapan işte bu.

VakıfBank, daima seninle.



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VakıfBank
Burası Sizin Yeriniz

INFORMATION TECHNOLOGIES

WE ARE A PIONEERING BANK IN THE SECTOR, WHICH ENCODES AND DEVELOPS ITS OWN BANKING SOFTWARE USING ITS OWN RESOURCES.

Innovation-Oriented MeetUp Seminars

6

Design-Oriented Thinking Workshops

2



We continue to offer our customers easy, safe, attractive, and innovative solutions and services by continuously improving our technological strength and capabilities. We are forging ahead with the vision of becoming an entrepreneurial technology organization that constantly increases the value it adds by innovatively transforming financial services through modern banking software and strong technological infrastructure.

We are a pioneering bank in the sector, which encodes and develops its own banking software with its own resources. With our qualified human resources and innovative vision in this field, we closely follow the developments in information technologies and offer products and services leading and making a difference in the sector.

As a bank that performs millions of banking transactions every day, we know that today's most valuable asset of institutions is "data." Within the framework of our emphasis on data analytics, data security, and data management, we carefully monitor and implement developments for using data accurately and effectively, and increasing data quality.

Data analytics creates a competitive advantage in critical issues such as efficiency, profitability, and sustainability by enabling businesses to make faster and more accurate decisions in a rapidly changing and developing world. We continue our studies on data analytics and investments incompetent human resources in this field with this perspective. In line with our goal of generating value from data, we improve our analytical processes and our talented human resources skills. We are expanding our data sources within the scope of studies on data infrastructure. We constantly renew our ability to access and analyze data with up-to-date technologies. We are developing new business intelligence tools through which our units can easily create their reports to further expand and facilitate the use of data in decision-making processes. We are increasing our labor productivity by increasing the spread of robotic automation through banking processes and all manual operational activities. By doing repetitive tasks with the same rules as the robotic automation product, we both save labor and minimize the risk of faulty operations through our

robots. We are also rapidly continuing to develop data analytics, artificial intelligence, remote client acquisition, audio and facial recognition, and open banking, especially in Basic Banking and digital channels. In the upcoming period, we regard promoting the use of robotic process automation and artificial intelligence, developing hyper-automation models as one of our main strategies.

In the project development process, we are following an agile approach to further our agility and productivity. In this period, we have reorganized our Information Technology power with agile teams. We aim for continuous improvement based on the experience-embracing approach of agile transformation. We treat agility as a way of doing business that prioritizes the needs of our customers and ensures coordination with all our stakeholders.

To reduce operational burdens and transaction risks in our branches and Headquarters units, we are operating to bring our processes to digital environments and centralize operational transactions.

In this period, we have designed V-Coach, a screen experience that learns and teaches based on artificial intelligence to help our employees get the training they need when they need it. We created an artificial intelligence model, taking into account criteria such as the mistakes made by the user and the time spent on VIT Screens, the main banking software of our bank. With the model output, we provided the user with a screen-specific training assignment in cases when necessary. Thus, by increasing the on-screen competencies of the users, we increased the internal customer experience and satisfaction; we have facilitated understanding and prevented operational errors by saving time and costs. With our app launched under the name "V-Coach," we won the third prize in the "Future of Work" category of the IDC Awards.

Our VakıfBank R&D Center V-LAB, which operates in alignment with our strategies and our values of "innovation" and "being a pioneering bank," we continue to develop ideas and collaborate in many areas such as artificial intelligence, data mining, customer experience, and payment systems in 2021. In 2021, we continued the Open Innovation Center studies through innovation-focused MeetUp Seminars in our R&D Center, through collaborative work with Design Thinking Workshops and universities.

In addition, during this period, we brought together young programmers, developers, and designers with the "Hack to the Future" contest, held for the second time. This year, we organized our event online, from March 19 to March 21, with the concept of "Direct the Future of Digital Finance." The 84 participants were competing in a hackathon, where young people were able to demonstrate their digital skills. We evaluated the presentations of the 10 finalists out of 32 teams based on team competence, originality, innovative technology, business model, design, commercialization/scaling, presentation, feasibility, social benefit, and prototype criteria. We presented our awards in the categories of "Best Minimum Viable Product," "Best Social Enterprise," "Most Innovative Technological Solution," "Best User Experience Design" and "Most Global Solution." We will continue with the organization of this event, which we consider one of our social responsibilities, in the upcoming periods.

With our vision of becoming the Leading Bank of a Strong Turkey, we continue to offer our customer-oriented and innovative products. Simultaneously, we are aware that banking applications' digital transformation brings risks too. Therefore, cyber-attack risks, security of all kinds of data, and personal data protection are essential topics. We continually improve ourselves in these areas and continue our efforts to create a safer banking experience day by day. Our work in this area not only enhances our competitiveness in the industry but also contributes to increasing customer satisfaction and confidence in our Bank.

Information Technologies awards we received in 2021:

- We were awarded the Special Jury Prize at the IDC Turkey CIO Awards 2021 with the "VAI Cognitive Services."
- At the IDC Awards, we won the 3rd prize in the "Future of Work" category with "V-Coach: Learning and Teaching Screen Experience with Artificial Intelligence Based Interfaces."
- At the IDC Awards, we won the 3rd prize in the "Future of Intelligence" category with "VakıfBank Artificial Intelligence Cognitive Services."



BUSINESS CONTINUITY AND CUSTOMER INFORMATION SECURITY

WE ARE CONSTANTLY IMPROVING OUR CYBER SECURITY PRACTICES AND PROCESSES.

Running all our critical systems on active architecture is our primary goal.

We effectively fight threats, considering factors such as regulations, digitalization, and increasing data volume. We create security strategies that align with our bank's policy and support our way of doing business.

In an increasingly digitalized world, we constantly review our security controls and continuously improve our monitoring capability with new tools for the identification of vulnerabilities. To establish a modern Security Operation Center infrastructure, we revised our security incident management tool (SIEM) with a new product to support artificial intelligence algorithms. We have introduced new features for user behavior analytics and improved the visibility of all operations. In parallel with all these tools, we have completed our investment in the Security Orchestration, Automation, and Response (SOAR) solution. With this solution, we strive to automate alarm monitoring processes in the security area.

Especially in order to address the risks posed by suppliers, which is one of our most fundamental risks today, we use static and dynamic code review tools to ensure security for applications developed by supplier companies.

We also attach great importance to accessibility, one of the key topics of the pyramid of security, and we are working very hard to minimize disruptions. Running all our critical systems on active architecture is our primary goal. We also regularly validate this through regular emergency status plan tests every year.

Our most important goal in all business continuity activities is to protect the brand value and the corporate reputation. Especially, data leakage issues and interruptions have become more influential than ever before to the reputation and brand value of corporations. We adopt data-centric security approaches to manage these reputational risks.

With the pandemic, we race against time to prevent vulnerabilities that arise as a result of changing threats. We use vulnerability scanning tools to identify security vulnerabilities. We periodically scan all vulnerabilities weekly and automatically report them to relevant asset managers through the service management tool. When a critical vulnerability occurs, we take action as soon as possible. We are making a concerted effort to ensure that preventive patches, specifically for vulnerabilities, are rapidly applied to all assets.

In parallel with that, we have introduced a domestic cyber-threat intelligence solution this year to our Bank for faster and more efficient action. In line with relevant solutions and notifications from regulatory authorities, we perform the required rule identifications on our security tools.

We are constantly scanning threats daily with the attack simulation tool, which is another tool we use for detecting threats. With this product, we measure security maturity in cases of physical attacks from the outside world and ensure that the relevant results are reported to the senior management regularly.



We closely follow the regulations published by the regulatory authorities and perform the necessary compliance studies. We have largely completed the work required under the Regulation on Information Systems of Banks and Electronic Banking Services. We are working on compliance with the Information and Communication Security Guideline published by the Digital Transformation Office of the Presidency of Turkey, which is another important issue. In this regard, we create our risk asset inventory and take the necessary measures.

The other two important regulations were remote customer acquisition and digital banking regulations published by the BRSA. We took the necessary actions to comply with these regulations. We conduct agile processes, especially for compliance with new regulations. In this direction, we have successfully carried out audits such as Swift Customer Security Framework, GIB (Turkish Revenue Administration) Custom Integrator Audit. In parallel with all work, we have conducted ongoing audits concerning the **ISO 27001 Information Security Management System and ISO 22301 Business Continuity Management System** to ensure the continuity of relevant certifications.

The privacy of our customers is crucial to us. Regarding the Law on the Protection of Personal Data, we ensure that the necessary information is presented in all our channels as part of the disclosure obligation and that the required explicit consent is obtained. We have documented the Personal Data Processing Policy and other necessary processes. In this regard, we conduct the necessary work in all our channels within this scope to ensure our customers' safety. We also provide informative training to our employees in line with the Law on the Protection of Personal Data. In 2021, 9,808 people completed the e-learning training that was prepared in this context. 43 of our employees attended the in-class training on the Law on the Protection of Personal Data.

With the increasing complexity and variability of digital transformation, we continue to strengthen our security systems to ensure information security and keep our defense against cyber-attacks at the highest level.

You can access our Bank's Privacy Policy on our website at <https://www.vakifbank.com.tr/Default.aspx?pageID=4005>

Number of Employees
Attending In-Class
Information Security
Training
394

Number of Employees
Attending Online
Information Security
Training
12,436

APPLICATIONS AND INNOVATIONS

WITHIN THE SCOPE OF OPEN BANKING, WE PROVIDE BUSINESSES WITH THE ABILITY TO VIEW THEIR ACCOUNTS AT OTHER BANKS VIA **VAKIFBANK MOBILE AND INTERNET BANKING** WITH OUR NEW DIGITAL BANKING PRODUCT “VAKIFBANK ALL ACCOUNT.”

We have established the Video Call Center infrastructure and initiated the call center service with sign language for our customers with disabilities.

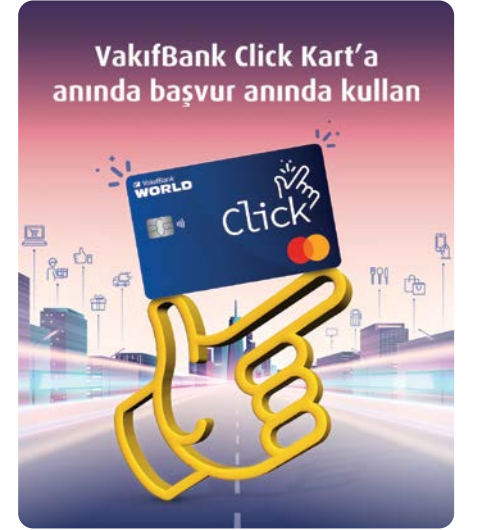
In 2020, we achieved many applications focusing on digitalization and customer needs and adapted our production speed and infrastructure to new and changing needs.

- According to the determined rulesets for the application to become a customer through the mobile channel, we provided **digital customer acquisition** through courier flow, branch routing, face recognition checks, vitality tests, and video call center calls. We used NFC authentication in this application and created **the video interview infrastructure**.
- We have established the Video Call Center infrastructure and initiated the call center service with sign language for our customers with disabilities.
- We changed the infrastructure of some shortcut menus in the Individual Mobile Application to provide a better customer experience, increase performance, enable the use of Android and iOS operating system capabilities, and increase functionality in the application.
- We renewed Retail Internet Banking with a completely new user experience and interface. So we have gained the ability to adapt quickly to new technologies and increased our opportunities for cross-product sales.

- We have carried out the front-end developments for Fintechs (open banking application developers) and customers who will be using VakıfBank accounts through third-party applications for the developing open banking platform. We prepared the Internet and branch screens for the execution of Open Banking authorization processes. Within this context, we developed **57 API services**. We have developed login and authorization display web screens to make transactions through the open banking application.
- With **VakıfBank All Account**, our new digital banking product offered within the scope of open banking, we made it possible for businesses to view their account information and activities at other banks, of which they are customers, via VakıfBank Mobile and Internet Banking, without having to enter each bank's digital channels separately.
- We enabled customers to access all types of contracts and receipts approved through digital channels via Mobile and Internet Banking channels (Approved Contracts/Documents).
- We have ensured that for our Natural Persons with Commercial Activities and our Commercial Customers, balances and account activity information of the accounts at another bank or e-money institution can be displayed through the VakıfBank Internet and Mobile Banking applications. In this context, we ensured integration with 8 banks in total.



VakıfBank
görüntülü görüşme ile
işaret dili
hizmetine başladı

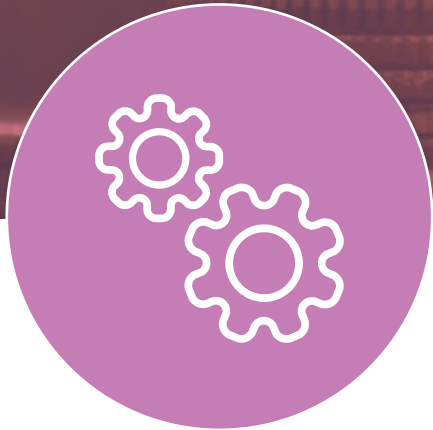


We have introduced the product named Click Card to our customers.

- We have developed the **Vinov** product, a digital future payment system, which offers a VakıfBank guarantee for deferred and cash payments as an alternative to traditional methods (like cheques, promissory notes, open accounts) in the market, for Corporate Commercial, SME, and retail segment customers. Through Vinov, our customers will be able to create future payments with the guarantee of our Bank and be entitled to early payment and transfer. All these transactions are to be made through Mobile, Internet Banking, and branches.
- We have introduced the product named **Click Card** to our customers. Our customers whose Click Card applications made through Mobile Banking, Internet Banking, or the Branch have been approved, may complete their shopping over the Internet and contactless POS machines by accessing their card details via Mobile Banking and Internet Banking channels without the need to wait for physical card delivery. With this product, we have enabled our customers to make instant Mobile Contactless payments with the identification to be made on Android phones or to use their cards instantly via their mobile phones with QR payment.
- Excluding card printing and password/authorization transactions, we have moved all prepaid card infrastructure at Bankssoft to VakıfBank VIT's basic banking infrastructure. We developed screens on the VIT web framework within which organizations can carry out their own operational transactions.
- We ensured real-time reconciliation of money transfers using FAST, taking into account the input time, the system's ability to deliver services 24x7 and to carry out **FAST with Easy Address**.
- We ensured that gold buying/selling transactions can be performed based on the ounce unit at the Branches as well as through Mobile, and Internet Banking channels. We became the first bank to provide gold buying and selling services with the ounce unit.
- We offered silver buying and selling transactions in TRY and Foreign Currency to our customers via Branch, Mobile Banking, Internet Banking, and Call Center channels.
- We have established the infrastructure for issuing offers and policies to customers who are not customers of our Bank (those with no customer number) for DASK (Turkish Catastrophe Insurance Pool), Mortgage, Automobile Insurance, Compulsory Traffic Insurance, Complementary Health Insurance, and Travel Health Insurance (for the completion of the sales process after one is made a customer of the Bank) through our Bank's website as per market competition.
- We have established the integration of INVEX and E-Invoice to facilitate tracking of the invoice amounts for the appraisals conducted for the real estate and loan and/or follow-up customers of our Bank.
- In the Mobile Field Sales channel, we have cross-checked Merchant Application, BES Sales, Credit Card/Supplementary Card Requests, and updated the Application Module accordingly.
- We are one of the most active stakeholders of the E-Municipality system and have completed our preparations to support all municipalities.
- We offered companies the opportunity to make their payments quickly and easily every hour of the week by integrating the Collective Payment System (CPS) with the Fast And Secure Transfers (FAST) application. Companies that benefit from the CPS/FAST integration of our bank can transfer funds to different bank customers on a 24/7 basis by centralizing their distributed resources.

- We added the Hash Code (single encryption control) feature in addition to the existing system controls (Branch/Institution Approval, ID No/TRIN, and Name Last Name) in our offline CPS structure.
- With our digital and paperless banking applications, we implemented digital validation of customer instructions with mobile signatures to increase speed and accessibility, increase operational efficiency and reduce transaction risk.
- In addition to our Physical Archive Center (PAC) in Manisa, we have also opened a new physical archive center in İzmit/Dilovası to help relieve the burden of keeping archives at our branches.
- We have integrated Swift GPI "Inbound Tracking" into the main banking screens so that we are aware of future payments incoming to our customers in advance.

our manufactured capital



Number of
ATMs
4,162

Number of
Branches
940

Share of Transactions
from ADCs
96.27%

ATMs for Barrier-
Free Life
4,035

Material Topics and Sustainable Development Goals

Financial Inclusion



RISKS

- High costs of technological investments
- Differentiation of customer products and demands
- Certain customer groups having problems accessing banking services
- Impacts of climate change-induced disasters on fixed assets

OPPORTUNITIES

- Development of new software and applications
- Innovative financial solutions developed to provide fast, reliable and practical solutions
- Positive contribution of widespread access to finance to customer perception
- The positive contribution of improvements in operational processes to climate change

FINANCIAL INCLUSION

DURING THE COVID-19 PANDEMIC PERIOD, WE HAVE IMPLEMENTED MANY PRACTICES TO ALLOW OUR CUSTOMERS TO PERFORM THEIR TRANSACTIONS EASILY FROM ANYWHERE AND ANYTIME.

940
Branches

4,162
ATMs

We offer financial solutions in line with the needs of our customers from all walks of life with our efficiency-oriented policies, modern banking products, and services, including retail and private banking areas as well as Corporate, Commercial, Agricultural, Local Administrations, and SME Banking through our IT system infrastructure that is compatible with the requirements of the era and our widespread branch network and alternative distribution channels.

We are working to facilitate access to finance with our branches, of which 24% are rural, and 18% are in priority regions for development in our field settlement consisting of 940 branches and 27 regions. We provide banking services to reach more people with our digital banking applications that enable use regardless of location and time. We carry out 96.27% of the transactions in our bank through our non-branch channels

We continue to provide services abroad to our customers through branches in Vienna, and Cologne of our subsidiary VakıfBank International AG, which was established to carry out banking operations abroad, and our 4 branches in New York, Bahrain, Erbil, and Qatar. With the license approval we received from the Qatar Financial Center on May 10, 2020, we became the first and only Turkish Bank with a banking license in Qatar, which is progressing toward becoming an even more powerful financial center. Accordingly, our Qatar Branch has actively started its operations by obtaining the operating license from Qatar Financial Center as of February 2, 2021. We are increasing our overseas activities by standing alongside the Turkish entrepreneurs and business people operating abroad. In this context, we are planning to open a representative office in China after the pandemic.

We use our technological power to make it easier for our disabled citizens to benefit from financial products and services, and we are making arrangements on both our branch and non-branch channels.

As VakıfBank, in line with our goal of standing by all segments of society, we continue to offer solutions tailored to our customers' requirements and enable them to make savings with the products and services we developed in this period.

We launched the product called the "Currency Protected TL Time Deposit Account," supported by the Ministry of Treasury and Finance, offered as a special new financial alternative to customers to eliminate their concerns arising from the rise in the exchange rate while utilizing their savings and the product called the "Foreign Currency Conversion Currency Protected TL Time Deposit Account" where the CBRT provides support to the depositors against exchange rate changes in case the foreign currency deposit accounts are converted into TL time deposit accounts. In addition, we have rapidly integrated relevant products into our digital banking channels making them available to all of our customers. We continue to support our customers during the pandemic with our applications that facilitate access to our bank's deposit products.



Thanks to our network of 4,162 ATMs, we enable our customers to realize more than 70 banking transactions more quickly on a 24/7 basis, without waiting in the queue inside our branches.

Extensive ATM Network

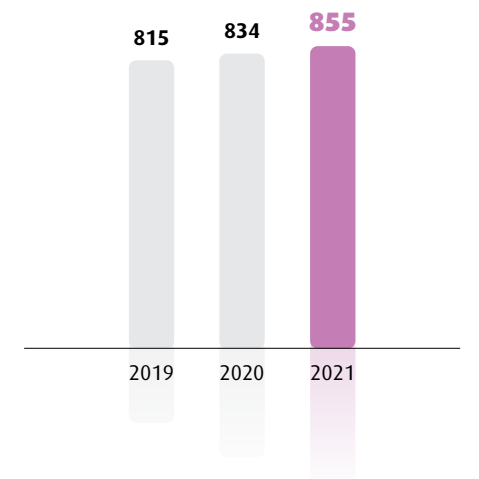
Thanks to our network of 4,162 ATMs dispersed across a wide area in Turkey, we enable our customers to realize more than 70 banking transactions more quickly on a 24/7 basis, without waiting in the queue inside our branches. Approximately 17% of our ATMs are located in rural areas and 21% in priority-regions for development. Additionally, 97% of our ATMs consist of Barrier-Free Life ATMs.

We will be introducing 500 Recycle-featured new-gen ATMs to our customers in 2022. In this way, while we will ensure that all of our ATMs, the numbers of which are now reduced to 230, which are not equipped for the use of visually impaired customers, are withdrawn from the field, we will also increase the number of Recycle ATMs from 980 to 1,480 by the end of 2021. So while reducing the frequency of servicing and the probability of malfunctions, we are going to decrease the level of carbon emissions resulting from servicing and maintenance operations. Furthermore, with the rise in the number of our Recycle ATMs, we will also increase the efficiency of our ATMs and contribute to the reduction of the operational workload.

Following the practice of withdrawing money from ATMs of other banks with a QR code, which we were the first bank to implement in Turkey last year, we will begin the works to establish the same easiness of procedure for the money deposit transactions for the next year.

We also continued the Public Partner ATM operations in 2021. In this context, we have completed the development of the software, which allows the customers who prefer using the Public Partner ATM to perform transactions by directly using the menus of the customer's own bank. Once the software becomes widely implemented on all ATMs, we will deliver our customers the experience to perform transactions using our own ATM menus not only in our own ATMs but also on 19 thousand ATMs that belong to other banks.

Number of ATMs in Priority Development Areas*



* 50 provinces within the scope of 1st Degree Priority Development Regions published in the Official Gazette No. 2006/11105 on 19 October 2006 have been identified as "Priority Areas for Development."



FINANCIAL INCLUSION

WE DO NOT RESTRICT OUR EFFORTS TOWARDS DISABLED CUSTOMERS WITH OUR BRANCHES ALONE. **WE ALSO CONDUCT WORKS TO FACILITATE ACCESS TO FINANCIAL SERVICES FOR DISABLED CUSTOMERS THROUGH OTHER CHANNELS.**

Number of ATMs Suitable for the Use of Visually Impaired People:
3,932

Number of ATMs Suitable for the Use of Physically Disabled People:
1,721

Banking without Barriers

We aim to remove barriers in access to banking services, and we are trying to find solutions to make life easier for disabled people by being involved in the Banking Services Working Group for Disabled Citizens of the Banks Association of Turkey (BAT).

While designing our branches' entrances and interior designs to make them eligible for the use of our physically disabled customers, we are working to provide palpable surfaces, call buttons, emergency voice, and light guiding devices, and Braille embossed handles and disabled desks.

Our efforts for the comfort our disabled customers are not limited to our branches. However, we also try to facilitate our disabled customers' access to our other channels' financial services. We offer our basic contracts for our customers with disabilities in Braille Alphabet and audio format. Thus, we aim that our disabled customers can safely perform their Barrier-free banking transactions.

We make the screen and keyboard height and physical location of our ATMs suitable for wheelchair access. 41% of all of our ATMs have been customized for the use of our customers with physical disabilities. In 3,932 ATMs, we ensure that visually-impaired people, whether they are our Bank's customers or not, can perform their banking transactions using their voice with the help of headphones. 94% of our ATMs are suitable for use by our visually-impaired customers.

By signing on to the principles of digitalization, we always see this transformation as a whole in our attempts to stand by and support all segments of society. We offer our internet and mobile banking services compatible with the screen reader programs used by our visually impaired customers. We have increased the dial-up time of the audio response system for our disabled customers, making it easier for them to connect to telephone banking. All brands and models of physical POS devices used by our Bank in the field and Cash Register POS Devices using our Bank's application are equipped with keys with an embossed surface. When our "Voice Signature" project, which we carry out in our Call Center, is completed, we aim to provide convenience to our visually impaired customers who have difficulty dialing for our security confirmations.



In addition, we facilitate banking transactions for the hearing impaired through our "Video Service" application and provide services to VakıfBank customers whose disability status is registered with the bank through our video call center using sign language. Within this scope, we provided sign language training to our customer representatives. This way, we eliminated the obligation of the hearing-impaired to visit a branch to perform transactions not available on the VakıfBank mobile application such as increasing the daily money transfer limit and updating the account transaction type. With our Sign Language application in

Video Call Center, which facilitates banking transactions for our hearing-impaired customers, we have been awarded the "Social Responsibility Special Prize" at the CX Awards where the most successful customer experience applications in Turkey are evaluated.

In addition, we offer our customers who have disability status in their Registered Information and our customers over the age of 60 the option of firstly connecting to the customer representative in the Voice Response System.

Barrier-Free Life ATMs
4,035

our social and relational capital



New Customers
Gained
1,286,622

Awards
Received in the
Sports Field
16

Children
Participated in
VakıfBank Sports Club
Youth Setup
1,100

Books
Published Under
VakıfBank Culture
Publications
43

Material Topics and Sustainable Development Goals

Customer Experience and Satisfaction				
Financial Literacy				
Stakeholder Engagement and Transparency				
Supplier Management				
Social Responsibility				

RISKS

- Failure to meet customer demands
- Not taking part in compulsory or voluntary platforms
- Damage to corporate image
- Negativities experienced due to inefficient or economic and managerial insufficiencies of suppliers of products or services

OPPORTUNITIES

- Projects focused on improving customer experience and loyalty
- Access to a wide stakeholder ecosystem with transparent information
- Increasing brand awareness with corporate social responsibility projects
- Considering corporate, environmental, and social criteria as well as costs in the supplier evaluation process with the understanding of the "Responsible Supply Chain"

CUSTOMER EXPERIENCE AND SATISFACTION

WITH OUR REMOTE CUSTOMER ACQUISITION APPLICATION, WE WERE CHOSEN AS THE BEST BANK IN THE “INNOVATIVE CUSTOMER INTERACTION EXPERIENCE” CATEGORY AT THE PAYMENT SYSTEMS MAGAZINE (PSM) AWARDS AND GRANTED A GOLD AWARD.

Within the scope of our customer and quality-oriented growth strategy, we completed the installation of the ISO 9001:2015 Quality Management System in 2017. In this context, by first aligning the banking processes of the Head Office departments and all branches with the ISO 9001 Quality Management System, we have certified all our locations, including our branches and regions, with **ISO 9001:2015 Quality Management System as of 2019. In addition, as a result of the external audits carried out in 2021, we maintained the continuity of the certification.**

We also continued our efforts to minimize the time spent at the branch to enhance customer experience and loyalty and to offer relevant products as an offer based on customer preferences and trends.

We continue our customer-focused efforts by taking into account customer preferences, product and channel usage, and communication preferences through the analytical models we have completed. In addition, we actively use analytical models that indicate our customers' product trends and churn probabilities. Based on the results of these analytical models, we offer our customers useful campaigns to increase the satisfaction of the customers who have high product trends and to hold on to our customers who may churn.

We are at the final phase of our model work that estimates the behavior segmentation and product trends of our customers. With the support of these efforts in 2022, we aim to diversify the products and services our customers use from our Bank, and we plan to develop models that can predict the long-term value the customers can add to our Bank.

We define the Customer Journey as the entirety of all the contact points where the customer has interacted with our Bank. What customers want to know about our products, their feelings about the use of the product, and the interaction that puts pressure on the moment of decision-making all form the main stops of our customers' journey within VakıfBank. So, we began to build the roadmap design process by observing every single step our customer has taken in this direction and every path our customer has passed through. In this context, we have carried out an end-to-end review of the processes of Personal Loan Application and Extension, Time Deposit Account Transactions, Creating Real Customers, and Updating Customer Information which comprise the majority of branch transactions. We identified the mapped pain points that relate to the processes and made improvements. We are currently working on customer interviews and process design for journey map works. We also keep a close eye on our customers' recommendations and complaints and provide key input in journey map works with Net Promoter Score (NPS) measurements. In the upcoming period, we aim to analyze every contact point at the bank step by step, starting at points with high transaction frequency.

Along with the entry into effect of the “Regulation on Remote Identification Methods Used by Banks and Establishment of Contractual Relations in Electronic Environment” in 2021, it has become possible for real persons to become Bank customers by remote identification without going to branches. As of May 2021, natural persons may become VakıfBank customers very easily and quickly by verifying their TR ID cards with NFC-supported phones and making a video call with a Call Center representative through our mobile banking application. In addition, we provide video calls with customer representatives who speak sign language for people with disabilities and enable people who do not have a chip TR ID card/NFC supported phone to complete their transactions via couriers directed to their addresses. As a result of the Remote Customer Acquisition Project, we acquired 74,000 individual customers in 2021. As part of this, we offered various campaigns and offers to our customers in 2021. In an increasingly digitalized world, we are planning to continue operations, especially for digital customers in 2022 by making additions to our product range in light of the trends and changes in customer behavior. With the Remote Customer Acquisition application launched in May, we won the gold award in the “Innovative Customer Interaction Experience” category at the Payment Systems Magazine (PSM) Awards.

In the near future, it will be possible for Natural Persons Engaged in Commercial Activities to become customers through remote identification. We also aim to build in the coming period a structure that will enable customers who lack contracts/documents to complete their missing documents through VakıfBank Mobile via the remote identification method.

We have continued to promote our products and services to customers during this period. By introducing Sky Limit, defined for specific professions and income groups, to our customers, we have increased the volume of our Bank's credits, credit ATMs, and credit cards. We regularly launched campaigns aimed at customers who do not use mobile banking to direct them toward using VakıfBank Mobile.

By taking into account the increasing need for resources in the banking sector, we continue to deliver ‘Special Deposit Campaigns’ to the target audiences identified via data analytics, at interest rates determined on an audience basis, through channels suitable for the customer.

With Real-Time Campaign Management, we have increased our diversity of transactions. This way, we can offer our customers the service they are interested in when they need it through any channel they prefer.

As the result of all of our analytical work, we were chosen as the best CRM team at the Hammers Awards, an event that is held throughout Turkey to recognize and reward the most successful team that has identified the customer's needs to provide efficiency in customer relations and highlighted the brand by using the necessary technologies in this direction.

With the Paperless Banking project initiated with the awareness that “reducing the carbon emission rate will be the most valuable gift we will leave to future generations” within the framework of our Sustainable Banking vision, we design processes that help complete transactions quickly and simply by incorporating the human factor into the process and using technological means, rather than through mere digitalization. As a result, we save on both paper consumption and operational costs. With the Paperless Banking project, which gained momentum in 2021 with our efforts in this context, we prevented the consumption of over 12 million printouts. In addition to lowering the carbon emission rate and contributing to our bank's sustainability strategy by reducing paper consumption, we also reduced transaction times of our domestic and international customers and contributed to the digital channel migration of our customers through a digital experience. In the upcoming period, we aim to use the digital approval setup for new customer acceptance transactions at our branches. We aim that by implementing this structure, which will allow our new customers to receive contract approvals via VakıfBank Mobile, we will be able to reduce the consumption of paper while also ensuring that our new customers' mobile channel activity is maintained.

Our Social and Relational Capital

The loyalty of our customers, as well as the continuity of that loyalty, is the most crucial component that allows our bank to be open to ongoing innovation and self-development. We ensure this continuity with the satisfaction of our customers. In this direction; based on the lack of a system where branch customers can express their opinions directly, as a result of our user-friendly screen design efforts, we started to present surveys and perform Customer Recommendation Score (MTS) measurements via the SMS channel. With the system that we built, the biggest innovation that was offered to customers was the ability to reflect their instant experience to our Bank as soon as after performing their transactions. With the survey conducted following the Personal Loan Usage, Time Deposit Account Opening, Bill Collection, and Credit Card Debt Payment transactions, we measure the performance of the process and the personnel as well as the advisability of the transaction. In the years to come, we seek to employ a platform that spans all channels and contact points to better manage the survey process, as well as to present instant measurements on a screen that all of our Bank's users can access.

We make customer calls by providing the integration of the survey structure into the Call Center channel so that we can extend the area we measured. Therefore, we use the built-in structure for onboarding studies and root-cause analysis. **We also have the ISO 18295-1 Customer Communication Centers Standard Certificate**, which is accepted as an international standard by the European Union (EU) for our Call Center and customer contact centers and is one of the industry's most necessary certificates.

We prepare an Experience Bulletin with different content every month and share it within the bank, to convey what exactly Customer Experience, which is considered one of the most important concepts of recent times, means and which processes it covers, and to emphasize the importance of customer satisfaction and loyalty for our Bank. By addressing issues such as the scope of Customer Experience, the importance of the emotional bond established with the customer, the customer's voice being heard within the institution, and examples of successful experiences from our country and around the world, we contribute to the creation of in-house Customer Experience awareness.

In 2021, we responded to 98% of the applications that were submitted to our Bank.

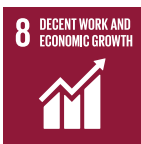
We try to establish effective communication through every channel by diversifying our communication channels with our customers. Our customers can reach us and convey their observations through the Call Center, internet banking and mobile banking, branches, mail, corporate website, social media accounts, official institutions, and web-based complaint sites regarding our Bank's products and services.

Moreover, we manage suggestions, complaints, requests, and objections submitted through BAT, BRSA, CIMER, and other official institutions through our banking application. This year, compared to last year, we have reduced the number of applications submitted to our Bank by 27.5%. We responded to 98% of the incoming applications.

We work to resolve any suggestions, complaints, and requests from our customers as soon as possible and accept that every customer who gives feedback within our Customer Satisfaction Policy framework is “right.” We consider every issue communicated to us as an opportunity to improve ourselves. We ensure that the necessary actions are taken to detect applications that cause customer dissatisfaction, providing feedback and improvement/development needs regarding these applications.

In order to establish strong, lasting, and transparent relationships with our customers, we prepare monthly, quarterly and annual reports and share them within our Bank. We organize meetings with broad participation every three months and take the necessary decisions and actions for our development areas. Additionally, we attach importance to the highest level of monitoring of the issue with the presentations we make to the Audit Committee and the Board of Directors.

You can access our Bank's Customer Satisfaction Policy on our website at <https://www.vakifbank.com.tr/customer-satisfaction-policy.aspx?pageID=3996>



STAKEHOLDER ENGAGEMENT AND TRANSPARENCY

WE STRIVE TO IMPROVE THE VALUE WE ADD TO ALL OUR STAKEHOLDERS. **WE ARE COMMITTED TO ALWAYS STANDING BY OUR STAKEHOLDERS.**

We seek to efficiently manage the assets entrusted to us with the strength we receive from the foundation culture that forms our bank’s basis, with a transparent and ethical approach. With this approach, we strive to sustain the value we add to all our stakeholders and always commit to being on their side. For this purpose, we pursue our work with a comprehensive stakeholder ecosystem, aware of the necessity of effective communication with them. While working to include all of our internal and external stakeholders in our decision-making mechanisms, we ensure continuity in our relations with various communication mechanisms to make our dialogue permanent.

In 2021, we advanced our efforts to strengthen our relations with investors or intermediary institutions and inform them.

Effective communication with investors

We have responded verbally and in writing to information requests submitted by shareholders. As part of the measures taken for the Covid-19 pandemic, since all meetings, training sessions, and conferences to be held within the bank and face to face have been prohibited as of March 2020, we met with approximately 300 investors/analysts in more than 170 meetings, most of which we held via teleconference and videoconference. We participated in 8 domestic and foreign investor conferences and webinars and held online meetings with more than 200 domestic and foreign institutional investors. After the investor information conferences attended, we prepared reports in line with the investors’ information and presented them to the senior management. In close contact with all analysts who prepared reports on VakıfBank, we conveyed accurate and sound data to analysts during the reports’ preparation and provided feedback on their prepared information.

Interactive financial presentations

We prepared detailed presentations to declare the results of the financial statements. We presented the related financials for the period in detail to analysts and stock/bond investors in 4 teleconferences organized via webcast. We made available the records of the teleconferences on the English page of our website.

Relations with Rating Agencies

We held annual due diligence meetings with Moody’s, Fitch, and JCR. We provided detailed information concerning the question sets posed about VakıfBank’s financial performance and strategies.



GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

Communication Channels

Stakeholder Group	Interaction Channels
Shareholders, Investors, Financial Analysts	General Assembly Meetings Information Documents (Integrated Annual Report, Annual Report, Interim Report, Bulletin) and Publications (CDP Report, Sustainability Report) Conferences, Teleconferences Brief Meetings Corporate Website
	Executive Summits Committee Meetings
Executive Management	Corporate Portal VakıfBank BizimYerimiz Journal Performance Evaluation Internal Customer Satisfaction Survey In-Company Events In-Company E-mails In-Company Social Clubs In-Company Social Responsibility Projects @vbizimyerimiz Social Media Account
Trade Union	Collective Bargaining Agreement Negotiations
Public Enterprises	Regular Reporting Audit Joint Projects
Customers	Call Center (0850 222 0 724) Head Office and Branches Social Media Accounts Corporate Website Internet and Mobile Banking Applications (My Requests Menu)
Financial Institutions	Assessment and Brief Meetings (Bank’s detailed due diligence process) Brief Meetings
Suppliers	One-to-one Meetings
Sectoral Organizations and Non-Governmental Organizations (NGOs)	One-to-One Meetings, Sponsorship Talks, Events Joint Projects
Universities	Meetings Joint Projects
Media	Press Meetings Interviews Bulletins News Press Trips Network Meetings

Memberships and Collaborations

Member of Organizations or Supported Initiatives	
Member of Organizations or Supported Initiatives	United Nations Women’s Empowerment Principles-UN WEPs United Nations Global Compact-UNGC
Turkish Capital Markets Association (TCMA)	Integrated Reporting Turkey Network (ERTA)
The Banks Association of Turkey Role of Financial Sector in Sustainable Growth Working Group	Equality at Work Platform
The Banks Association of Turkey Banking Services Working Group for Disabled Citizens	Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank-ADFIMI
Institute of International Finance-IIF	National Computer Emergency Response Center (USOM, TR-CERT)
International Chamber of Commerce Turkey (ICC)	Sectoral Cyber Incident Response Team (SCIRT)
Association of Corporate Communicators	Interactive Advertising Bureau
Advertisers Association	CEO Club
Hope Foundation for Children with Cancer (KAÇUV)	Darüşşafaka
Spinal Cord Paralytics Association of Turkey (TOFD)	Forestry Development and Forest Fire Fighting Services Support (OGEM) Foundation
Informatics Industry Association (TÜBISAD)	It is the "Authorized Body" in the field of collection and disposal of electrical and electronic equipment within the framework of the Regulation on the Control of Waste Electrical and Electronic Equipment (WEEE).
Medical Tourism Association	Authorized Association for Organ Donation

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

CORPORATE SOCIAL RESPONSIBILITY AT VAKIFBANK

WE CONSIDER SUSTAINABLE BANKING **AS A FUNDAMENTAL ELEMENT OF OUR STRATEGY.**

We continue our work to support the development of children, who are Turkey's future.

For 67 years, as VakıfBank, we have had a mindset that aims to always stand by all the segments of society; to reach anyone in need in all circumstances, and to support and produce solutions according to the needs from childhood to retirement, in every period of life, anywhere in Turkey.

As a bank that has not only focused on the economic results of its activities since its foundation, but has always taken into account its impact on society and nature, we consider sustainable banking as a fundamental element of our strategy. For this reason, we show regard to the social, ecological, and governance consequences of each step we take. We believe that adding continuous value to our customers, employees, shareholders, and community by creating not only financial but also social and intellectual capital are one of our most critical duties. We have been taking a pioneering role in the sector on energy efficiency and climate, financial inclusion, supporting production and employment by following the guidance of the United Nations Sustainable Development Goals.



We continue to support our country with our deep-rooted history, competent team to build the banking of the future from today, strong technological infrastructure, intellectual, social, and financial strength.

We classify our activities in the field of corporate social responsibility, which we consider one of the main pillars of sustainable banking, under three main headings: 'education', 'culture', and 'sports'. With the long-term support we provide and investments we make, we give society the message, "I am Here For You." With the awareness of being always there for the athletes selected as the best in the world over and over again, the female stars of tomorrow trained from the youth setup, our special children the education of whom we place utmost care, and, book-friends who consider that reading always comes first, and our cultural world that will become even richer with books, we are implementing many social benefit projects to leave a mark in the future. In addition to our subsidies and affiliations, we also regard the people whose lives we touch with our Sports Club and our Cultural Publications and investments in education as part of our large family. With this powerful family, we are working hard to build even better days for our country.



Education

We believe that the dream of a single child will change society and the world. We create projects that support their dreams as a force standing next to our children and help them look at tomorrow with much more hope.

- Since 2017, in cooperation with the T.R. Ministry of National Education (MEB), we have undertaken the construction of 54 mechatronics, mind games, and artificial intelligence workshops as well as over 170 IT laboratories at the Science and Art Education Centers Institution (BİLSEM) which we supported. We discover the individual talents of our 20 thousand special talented children who are trained in the workshops that we support and help them use their talents at the highest level. We continue our work to support the development of children, who are Turkey's future.



Culture

In 2018, we started our activities in culture publishing with VakıfBank Culture Publications (VBKY). We act with the principle of "Ve Benzersiz Kitap/And Unique Book" within the body of VBKY, and we offer books in categories such as literature, history, economics, philosophy, intersections, art, people, and society to our readers within the framework of reliable sources, measurable researches, strong and accurate language use criteria. We are trying to be the publisher of books that will be read and stored for years with VBKY, which represents the cultural vision of VakıfBank, the heir to centuries-old foundation culture. We have the goal of enriching and spreading our cultural and artistic life first at the national and then at the universal level, preserving and developing the assets and values that we are entrusted with and passing them on to future generations. We continue to enrich our publishing pool with the books that enlighten society and open up horizons in line with our publishing policy. As of the end of 2021, we have offered more than 120 books to our readers. You can visit our website (www.vbky.com.tr) to review the books published by VBKY.

As of the end of 2021, we have offered readers over 120 books.

Sports

We believe that sports are one of the components of a society that shape its way of life and create its social capital. VakıfBank Sports Club, the longest-running social benefit project conducted by VakıfBank, is the most successful sports club in Turkey that shows what a Turkish woman can achieve internationally today and makes a significant contribution to the development of Turkish sports.

We introduce our little girls to sports with the volleyball schools of VakıfBank Sports Club and make the club's success "sustainable" for 35 years. Over the past six years, we have been there for more than three thousand girls through our sports schools. Athletes that we groom through volleyball schools and the youth setup score many successes, both on our team and the national team. We care about these achievements as they are an inspiration for our girls to explore the power in them and to realize their dreams.

VakıfBank Women's Volleyball Team won the Club World Championship for the fourth time and broke a hard-to-break record by winning 10 international cups in total.

Our VakıfBank Women's Volleyball Team holds the title of "Turkey's most trophy-winning team in the international arena" with 4 FIVB Club World Championships, 4 CEV Champions League Championships, and 1 Top Teams Cup Championship, and 1 Challenge Cup Championship. In addition, our team received the title of the "Volleyball team that won the most official matches in a row" with its 73-match winning streak between October 23, 2012, and January 22, 2014, and the title of the "Team that won the most FIVB Club World Championships" with its championships in the Club World Championship, and it managed to enter the Guinness World Records twice.

You can visit the Club site (www.vakifbanksportkulubu.com) to discover the VakıfBank Sports Club, a source of pride for our bank and country.

RESPONSIBLE SUPPLY CHAIN

IN 2021, **OUR NUMBER OF SUPPLIERS REACHED 952.**

We made 99% of our total supplier payments to suppliers, 97% of which were local.

We evaluate our suppliers' economic and managerial competencies and expect them to comply with BRSA regulations and our policies based on agreements and contracts. We take care to ensure that all companies employed in the procurement of support services provide the quality cost balance best. We pay attention to some criteria in corporate, environmental, and social areas. In this context, we have published our Supplier Selection and Compliance Policy, which determines the issues that our suppliers should comply with in terms of legal compliance, human rights, continuity of service, anti-bribery and corruption, confidentiality, and sustainability on our website.

Moreover, every year, we conduct on-site audits by visiting companies within the scope of the Regulation on Procurement of Support Services by Banks through internal audit teams and financial analysis teams.

In 2021, our number of suppliers reached 952. We made 99% of our total supplier payments to suppliers, 97% of which were local. We focused on the use of digital applications to minimize contact due to the Covid-19 outbreak. Hence, we aimed to keep the loss of workforce at a minimum level. By using the E-Procurement System, we enabled our suppliers to access the tender remotely and to bid.

You can access our Bank's Supplier Selection and Compliance Policy on our website at <https://www.vakifbank.com.tr/supplier-selection-and-compliance-policy.aspx?pageID=3997>

AFFILIATES AND SUBSIDIARIES

WITH THE VAKIFBANK FINANCE GROUP BRAND, **WE OFFER A ONE-STOP BANKING SOLUTION TO OUR CUSTOMERS' NEEDS.**



VakıfBank
International AG

Vakıf Faktoring

Vakıf Leasing

Vakıf Yatırım

Vakıf GYO

Vakıf Yatırım Ortaklığı

Vakıf Gayrimenkul Değerleme

Vakıf Pazarlama

TAKSIM INTERNATIONAL
GROUP HOTELS

With our ten subsidiaries under the umbrella of VakıfBank Finance Group, while providing a wide range of services to our customers with our extensive branch network and distribution channels that closely follow technological innovations, we provide factoring, leasing, investment services, real estate investment partnership, tourism, valuation, and support services to a significant customer base. We offer products and services in various fields. With its longstanding experience, increased cooperation, and increasingly financial solid structure, VakıfBank Finance Group continues to create added value, enrich product and service quality, and stand by all its customers with new products and services in parallel with technological developments.

VakıfBank Strategy of Subsidiaries;

we aim to increase the contribution of Subsidiaries to the Bank by optimizing the group synergy of VakıfBank Finance Group, to make the subsidiaries competitive with other companies in the sectors they operate in, to ensure their effective management based on profitability and efficiency, to make their development sustainable and change them into corporate structures.

In this regard, VakıfBank goes on working with the aims;

- To increase the service quality and customer satisfaction by improving the synergy that exists with its Subsidiaries,
- To enable the Subsidiaries to benefit from the Bank's scale and to increase productivity, with the awareness of cooperating as VakıfBank Finance Group,
- To maintain sustainable and profitable growth by strengthening its asset quality with strong balance sheet performance of the group,
- To strengthen subsidiaries' technological infrastructures and to realize the digital transformation of their activities by following the developments in the digital field closely.

As VakıfBank, we continue our pioneering and innovative role in order to amplify

VakıfBank Finance Group and Sustainability

In addition to the sustainability policies and projects carried out by VakıfBank, the Bank's subsidiaries also carry out significant projects. During this period, in line with the policies of sustainability, Vakıf REIT developed a long-term integrated strategic planning process. As a result of the integration of the United Nations Sustainable Development Goals into strategic planning work, the 2021-2025 Integrated Strategic Plan was created.

In addition, in the design of buildings, the construction of which continues within the scope of the Istanbul International Financial Center Project by VakıfBank REIT and which are to be used as the Head Office of VakıfBank; a sustainable vision is observed and environment-friendly buildings are implemented, such as energy saving, water efficiency, ecology-sensitive material selection, and quality life facilities. In addition to the use of environment-friendly systems, the project also includes energy-saving factors such as natural light and ventilation thanks to the physical structure of the buildings. Within the scope of water efficiency, the use of mains water is aimed to be reduced by more than 40%, as gray wastewater and rainwater are treated for use for a second time. Its respect for nature was displayed with its candidacy for the LEED Certificate in the project, which is open to interaction with the outside world. In this context, upon completion of the construction process, it is aimed to obtain a LEED Gold certificate for the building.

Meanwhile, Vakıf Leasing has adopted an environmentally and socially conscious approach to leasing and primarily prioritizes supporting sustainable projects, and has adopted the principle of not funding the activities in the "List of Non-Funded Activities" which is included in the content of the Environmental and Social Policy without regarding any limit. In addition, Vakıf Leasing continues to support environmentally-conscious and renewable energy producers through the domestic and international funds obtained.

Changes in the Affiliate and Subsidiary portfolio;

The procedures of incorporation for Vakıf Elektronik Para ve Dağıtım Hizmetleri A.Ş., in which VakıfBank participates as a founding partner and of which all shares belong to VakıfBank, were concluded and registered, and announced in the Trade Registry Gazette dated 25.11.2021. Thus, the number of Bank subsidiaries rose from 10 in 2020 to 11 in 2021.

As part of the Financial Restructuring, 39.30% of the shares in the capital of Keskinöğlü Tavukçuluk ve Damızlık İşletmeleri Sanayi Ticaret A.Ş., which became an affiliate of VakıfBank in 2020, were transferred to the TR Ziraat Bankası A.Ş. in 2021. With the transfer of the aforementioned shares, the number of Bank affiliates reached 15.



AFFILIATES AND SUBSIDIARIES

AFFILIATES

VakıfBank
International AG

Capital
EUR 100,000,000

VakıfBank Capital Share
100.00%

Year of Foundation
1999

Vakıf Leasing

Capital
TL 500,000,000

VakıfBank Capital Share
58.71%

Year of Foundation
1988

Vakıf Faktoring

Capital
TL 350,000,000

VakıfBank Capital Share
78.39%

Year of Foundation
1998

Vakıf Yatırım

Capital
TL 150,000,000

VakıfBank Capital Share
99.25%

Year of Foundation
1996

Vakıf Yatırım Ortaklığı

Capital
TL 30,000,000

VakıfBank Capital Share
17.37%

Year of Foundation
1991

Vakıf GYO

Capital
TL 1,000,000,000

VakıfBank Capital Share
48.95%

Year of Foundation
1996



Capital
TL 350,000,000

VakıfBank Capital Share
51.00%

Year of Foundation
1966

Vakıf Gayrimenkul Değerleme

Capital
TL 30,000,000

VakıfBank Capital Share
97.14%

Year of Foundation
1995

Vakıf Pazarlama

Capital
TL 30,241,438.80

VakıfBank Capital Share
86.97%

Year of Foundation
1993

Vakıf Enerji ve Madencilik

Capital
TL 85,000,223.35

VakıfBank Capital Share
65.50%

Year of Foundation
2001

Vakıf PayS

Capital
TL 100,000,000

VakıfBank Capital Share
100.00%

Year of Foundation
2021

SUBSIDIARIES

Kıbrıs Vakıflar Bankası Ltd.

Capital
TL 70,000,000

VakıfBank Capital Share
15.00%

Year of Foundation
1982

Roketsan Roket Sanayii ve Ticaret AŞ

Capital
TL 147,052,860.85

VakıfBank Capital Share
9.93%

Year of Foundation
1988

Bankalararası
Kart Merkezi AŞ

Capital
TL 177,492,990

VakıfBank Capital Share
4.75%

Year of Foundation
1990

Türkiye Sınai Kalkınma Bankası AŞ

Capital
TL 2,800,000,000

VakıfBank Capital Share
8.38%

Year of Foundation
1950

KKB Kredi Kayıt Bürosu AŞ

Capital
TL 7,425,000

VakıfBank Capital Share
9.09%

Year of Foundation
1995

İstanbul Takas ve Saklama Bankası AŞ

Capital
TL 600,000,000

VakıfBank Capital Share
4.37%

Year of Foundation
1991

Kredi Garanti Fonu AŞ

Capital
TL 513,134,229.53

VakıfBank Capital Share
1.49%

Year of Foundation
1991

Bileşim Finansal Teknolojiler ve
Ödeme Sistemleri AŞ

Capital
TL 145,000,000

VakıfBank Capital Share
33.33%

Year of Foundation
1998

Türkiye Ürün İhtisas Borsası AŞ

Capital
TL 50,000,000

VakıfBank Capital Share
3.00%

Year of Foundation
2018

Güçbirliği Holding AŞ

Capital
TL 30,000,000

VakıfBank Capital Share
0.07%

Year of Foundation
1995

JCR Avrasya Derecelendirme AŞ

Capital
TL 1,000,000

VakıfBank Capital Share
2.86%

Year of Foundation
2007

Birleşik İpotek Finansmanı AŞ

Capital
TL 50,000,000

VakıfBank Capital Share
8.33%

Year of Foundation
2020

İzmir Enternasyonal
Otelcilik AŞ

Capital
TL 120,000

VakıfBank Capital Share
5.00%

Year of Foundation
1987

Platform Ortak Kartlı Sistemler AŞ

Capital
TL 21,000,000

VakıfBank Capital Share
20.00%

Year of Foundation
2019

Tasfiye Halinde World Vakıf UBB Ltd.

Capital
USD 500,000

VakıfBank Capital Share
83.00%

Year of Foundation
1993

our human capital



Employee
Turnover Rate
1.69

Average Training
Time per Employee
33.32

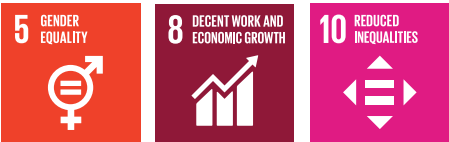
Ratio of Female
Employees
50.51%

Material Topics and Sustainable Development Goals

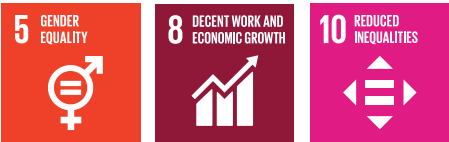
Employee Engagement and Satisfaction



Equal Opportunity and Diversity



Capacity Building and Talent Management



RISKS

- Employee complaints regarding performance management and remuneration processes
- Failure to ensure the effectiveness of occupational health and safety practices
- Dissatisfaction among employees regarding equal opportunities and diversity issues
- Problems in organizational backup plans for critical positions
- Increasing competencies with new training and development programs

OPPORTUNITIES

- Being preferred by new graduates
- Increasing employee loyalty and satisfaction with in-house activities
- Proactive risk management approach
- A work environment that preserves the balance of work-family life so that employees can benefit from career opportunities equally
- Filling top positions through the in-bank promotion process
- Increasing competencies with new training and development programs
- Promoting personal development

EMPLOYEE ENGAGEMENT AND SATISFACTION

WE OFFER A WORK ENVIRONMENT WHERE OUR 16,929 EMPLOYEES WILL FEEL HAPPY AND SECURE TO ENSURE THEY LOOK TO THE FUTURE WITH CONFIDENCE AND EXPERIENCE THE PRIVILEGE OF BEING A VAKIFBANK FELLOW.

We conducted an Employee Engagement and Satisfaction Survey in 2021.

Considering that human resources are the biggest investment of our Bank, we regularly measure the engagement, satisfaction, and expectations of our employees. We continuously strive to make improvements in a variety of fields from recruitment to the promotion and performance assessment, from career planning to training processes, to strengthen our employees' engagement.

We conducted an Employee Engagement and Satisfaction Survey in 2021 to learn about the trust and engagement of the employees for the VakıfBank brand and perception, their work-private life balance, their opinions on performance management, salary, training, and development opportunities, and their general evaluations about their managers. A total of 12,739 employees participated in the survey, including employees from Vakıf Finansal Kiralama AŞ, Vakıf Faktoring AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Gayrimenkul Değerleme AŞ and Vakıf Pazarlama

San ve Tic AŞ, which are under VakıfBank Finance Group as well as the employees of our Bank. We are aware that high employee engagement also contributes to a low employee turnover rate. Our employee turnover rate was 1.69 and our voluntary employee turnover rate was 1.61 in this period. We will determine the areas where our employees want investment, their sentiments and thoughts, and the issues they want to be improved by studying the satisfaction variables that impact engagement within the scope of the research, and we will make progress in these areas. In addition, we aim to increase employee engagement and satisfaction by closely following employee opinions and thoughts through the platforms that we have implemented.

We think that one of the important factors affecting employee satisfaction is the quality and efficiency of the relationship they establish with other departments in the same organization. We value measuring and evaluating employee satisfaction in terms of the service employees receive from Headquarters units, executing the processes between units with which we have business relations more accurately and quickly, increasing the Bank's internal customer satisfaction, differentiating the Bank from its rivals, and supporting the Bank's continued development. In 2021, we achieved high levels of participation in the Internal Customer Satisfaction Survey, which we have executed to efficiently manage employee satisfaction in 2021.

Our employees can communicate ideas and suggestions that they think will add value to our Bank through the Suggestion Platform. We also continue to work towards the implementation of suggestions. Through the Suggestion Platform, we directly designed 23 out of 2,925 suggestions submitted by our employees in 2021. We also subjected 543 suggestions to a feasibility study.

We conduct Permanent Staff studies throughout the Bank to accurately determine both the quality and quantity of the human resource, which is the most important human capital resource of our Bank's organization, and to employ the optimum number, both in Headquarters units and in Branches, in accordance with the workload and organizational goals. Additionally, we are continuing our efforts to enable the Permanent Staff to be calculated using Artificial Intelligence.

In line with our goals of easy-to-reach Human Resources and keeping up with modern-day necessities, we added the Human Resources module to Bilio Support, which is the Bank's in-house chatbot application. With the Bilio Support application, our employees can find answers to more than 250 questions regarding Human Resources, which include basic personnel information such as the number of remaining days of their annual leave, duration of free time, retirement, and starting date of employment at the bank.

In 2021, we continued with process documentation efforts using the Process Modeling Tool which was put into practice. With the new modeling tool, we achieved great efficiency by using our business processes for operational risk analysis studies, internal audit activities, emergency backup, and SLA agreements on information systems.

During this period, we continued our efforts to design experience-oriented and lean processes in line with Design-Oriented, Lean, and Six Sigma methodologies. As part of the digital transformation of processes, we have implemented the "Job Request Management" application in 2020, migrating processes such as correspondence and email conducted through tools to the Job Request Management application, making them traceable and reportable.



We organized activities in education, environment, arts, and sports in 2021 as part of our internal communication strategy to support our employees in contributing to social life. With the **"Goodwill Box,"** a volunteer movement initiated to meet the needs of village school students in different cities such as stationery, clothing, sports equipment, and musical instruments, in 2021, we collected and delivered nearly 30,000 products to schools and students in need, disaster victims and shelters in line with their needs.

We acknowledge that there is a positive relationship between our colleagues' and our customers' happiness. Therefore, we continued to actively use our internal communication channel throughout the pandemic, as in every period, to raise a smile and make them feel valued.

Due to the pandemic, we held the 67th Anniversary celebration and the Executive Summit meetings together as a hybrid meeting. The number of followers of our social media channel @vbizimyerimiz used extensively for employee communication during this period has increased to 11 thousand. We organized live broadcasts, online concerts, and livestream training and events with experts such as pedagogues and so on, suitable for special days like Mother's and Father's Day through our internal Instagram channel @vbizimyerimiz, to share information with our employees and to motivate them and boost their morale. We also organized events to raise awareness among employees about social responsibility issues such as Alzheimer's and organ donations and to ensure their participation in projects. To announce the events attended by our senior management to all employees of our Bank, we live-posted these events on our Instagram channel @vbizimyerimiz.

We have also organized VMeets events through online meeting applications to inform our Bank staff on issues such as banking, innovation, leadership, administratorship, personal integrity, Turkey, and the World agenda.



We offer a business environment where our 16,929 employees will feel happy and safe in order to ensure that they look confidently to the future and experience the privilege of being a VakıfBank fellow. In the upcoming period, we plan to produce projects that will contribute more to sustainability, expand our in-house social responsibility projects, benefit more people, and identify our volunteer ambassadors by increasing our colleague's participation in our projects.

2021 events

- We developed the "VakıfBank Goodwill Ambassadors" project for our employees who want to participate in social responsibility projects. Our Goodwill Ambassadors consist of 80 volunteers working at Departments and Regional Directorates.
- We managed to help 12 people in need have a wheelchair with the collection of approximately 4.5 tons of bottle tops by employees in support of the plastic campaign conducted by TOFD (Turkish Society of Spinal Cord Paralyzed People)
- We have invited Umut Kafe (Hope Cafe) every month to sell products in our Bank in support of KAÇUV. Each month, one of our departments provided support by preparing treats for sales.

- Due to the forest fires in 2021, we raised the goal we set for the sapling donation campaign launched in cooperation with the OGEM Foundation from "a VakıfBank forest every year" to "three VakıfBank forests." We achieved our goal with the donations of our employees and retirees.
- With the help of our employees, who also ran for good in the 2021 Istanbul Half Marathon and the Istanbul Marathon, we collected tens of thousands of lira in charity on behalf of various non-governmental organizations, especially Darüşşafaka and KAÇUV.
- We realized the New Year's dreams of 100 children with the wish tree project carried out with the Project for Immediate Needs Foundation (AİP).
- We carried out a communication activity on Organ Donation Awareness. By sharing the "One Donation, Many Lives" campaign with our employees, we induced nearly 100 of our employees to become organ donors through the Medical Tourism Association authorized by the Ministry of Health.
- We concluded a protocol with TUBİSAD to recycle our Bank's and our employees' electrical and electronic wastes and to donate the resulting amounts to the Darüşşafaka.



EQUAL OPPORTUNITY AND DIVERSITY

WE AIM TO MAINTAIN A WORK ENVIRONMENT WHERE EQUALITY AND BUSINESS PEACE PREVAIL BY TAKING THE NECESSARY MEASURES TO ENSURE ALL OUR WOMEN AND MEN EMPLOYEES' HEALTH, SAFETY, AND WELL-BEING.

Ratio of Female Employees **50.51%** ✓

Male Employee Rate **49.49%**

✓ It has been subjected to limited assurance by the Independent Audit Firm.

In line with the importance we attach to equal opportunity and diversity, we do not discriminate on issues such as language, ethnicity, age, gender, political thought, belief and offer equal opportunities and rights to our employees. In this regard, we take the United Nations Universal Declaration of Human Rights principles, United Nations Sustainable Development Goals (SDGs), and the International Labor Organization (ILO) as guides in our human resources practice that values people.

In addition to being a signatory of the United Nations Women's Empowerment Principles- WEPs, which aim for gender equality and women's empowerment, by being elected to the Bloomberg Gender-Equality Index (Bloomberg GEI), we have become one of the four banks from Turkey included in the index in 2021. Moreover, we also began to work on obtaining a Gender Equality Certificate in addition to the establishment of the Environmental and Social Risk Management System within the scope of the budget allocated to our bank, with the signing of the Green Mortgage Loan agreement with AFD in December 2020, amounting to EUR 200 million, with a 3-year grace period and a total maturity of 10 years. In this context, we carried out a gender equality survey to hear all our employees' views and expectations, including senior management, on gender equality, which is among the Sustainable Development Goals and has an important place on the global agenda, and to identify areas that need improvement. Through this survey, our Bank launched the Gender Equality Program, and the necessary coordination was made with the relevant departments to develop gender equality practices within the Bank and raise awareness at all organizational levels.

In addition to these, as a signatory of the Equality at Work Declaration, which is prepared under the leadership of the Ministry of Family, Labor, and Social Services and in cooperation with the

World Economic Forum, we support the active participation of women in all areas of social and economic life with equal rights. We advocate gender equality in business life. We support the participation of women in the workforce with our Human Resources practices, recruitments, and female employees we employ based on gender equality. We aim to maintain a work environment where equality and business peace prevail by taking the necessary measures to ensure all our women-men employees' health, safety, and well-being. In this context, in 2021, 50.51% of our employees, 11% of our Board Members, and 24.9% of our employees in executive positions throughout the Bank are women.

We take care to provide equal opportunities among our employees in both recruitment and career development applications. While our female employees constitute 48% of our employees who rose to a higher title in 2021, we aim to ensure that our female employees, who are mothers, continue their career path after parental leave and offer them to benefit from the career opportunities equally, thus ensuring a work environment that maintains their work-family life balance. In this context, 100% of our 590 female employees who had parental leave in 2021 returned to work.

In addition to maternity leave, we also offer our female employees the option to take up to one year of unpaid leave and to work part-time until their children are five years old. In 2021, 88% of our female employees who requested unpaid leave due to childbirth took advantage of the right to 6 months of unpaid additional leave granted by our Bank in addition to the legal period of 16 weeks. Moreover, in the provinces with 150 and more female staff employees, we provide daycare assistance to all our male and female staff who have nursery children. With all of our practices in this regard, we aim to offer our mothers the opportunity to continue their careers from where they have left, after their parental leave.

REMUNERATION AND BENEFITS

WE AIM TO IMPLEMENT A WAGE POLICY BASED ON MERIT, ADOPTING THE CORPORATE CULTURE BASED ON COMPETITIVE, REWARDING, BALANCED PERFORMANCE GOALS, **ENCOURAGING SUSTAINABLE SUCCESS, MOTIVATION AND FAIRNESS.**

We determine our remuneration policy within the bank following the risk and responsibility assumed at all levels, pay fair remuneration, and provide fringe benefits by considering our employees' fundamental rights.

We determine the wages of our managers and employees at all levels by regarding the effective remuneration policy and budget possibilities of the Bank, the job description and responsibility level of the employees, individual performance, competencies, and compliance with the internal and external legislation of the Bank based on our bank's compliance with ethical values, internal balances, and strategic goals. We pay our employees "principal wage," which is the primary wage excluding fringe benefits such as compensation, allowances, subsidies, etc., and "executive seniority fees" for employees who are executive candidates and employees who are in the position of manager. We also pay additional duty indemnity to our employees, taking into account the roles and responsibilities they undertake. Additionally, we observe sectoral developments, analyze data, and evaluate our sector's position according to the banking sector wage survey results carried by independent institutions.

Furthermore, we determine wage and salary increases for our in-scope employees with the Collective Bargaining Agreement made with the Bank Finance and Insurance Employees Union and our employees who are out of scope with the board of directors' decision. Within this framework, we have signed the 25th Term Collective Bargaining Agreement, which covers the period between May 1, 2021, and April 30, 2023, with the Bank, Finance, and Insurance Employees Union (BASS) on March 12, 2021. **In 2021, the ratio of employees working under a collective bargaining agreement was 85%.**

Apart from wages, we offer opportunities related to basic needs such as bonuses, performance bonuses, dividends, health insurance, and various leaves. In doing so, we aim to implement a wage policy based on merit, adopting the corporate culture based on competitive, rewarding, balanced performance goals, encouraging sustainable success, motivation and fairness. We also contribute to our employees within the Employer Contributed Private Pension Plan framework and the opportunity to be included in the private pension system.

This year, as in 2020, we supported our staff, who have no one to take care of their children, to maintain the work-family order by granting annual leave, free time, and unpaid leave upon their request in a way that does not disrupt the Department-Branch workflow. In this process, we have provided and continue to meet the Covid-19 PCR test costs of our personnel who have tested for suspected Covid and their dependents, on the condition that it is limited to four annually.

To boost the morale and motivation of our employees by following the economic developments in the last months of 2021 and to encourage them to continue their duties with the same effort and devotion; by the resolution of the Board of Directors, we have made an additional payment in the amount of one gross wage by making a wage improvement to all of our personnel.



SAFE WORKING ENVIRONMENT

WE HAVE MANAGED TO BECOME THE FIRST BANK IN TURKEY TO ESTABLISH AN INTEGRATED MANAGEMENT SYSTEM AND RECEIVE A CERTIFICATE FOLLOWING AN INTEGRATED CERTIFICATION AUDIT.

In 2021, we provided in-class OHS training to a total of 1,093 participants.

With our Occupational Health and Safety (OHS) Policy, we reflect the superior value we give to people. We consider offering our employees a safe and healthy work environment as one of our fundamental responsibilities. This framework adopts the essential requirement to comply with OHS’s international standards and legal requirements. We have managed to become the first bank in Turkey to establish the Integrated Management System (ISO 9001-ISO 14001-ISO 45001) and to receive a certificate following an Integrated Certification Audit by obtaining the ISO 45001 Occupational Health and Management System certificate. In 2021, we also achieved sustainability in the Integrated Management System.

We conduct OHS issues under the coordination of the Employee Relations and Discipline Department. Our Employee Relations and Discipline Manager, our most authorized manager responsible for OHS, is three reporting levels away from our General Manager. Our OHS Board, where our employees are represented at a 100% ratio, is moderated by our Employee Relations and Discipline Department and reports quarterly to the Head of Human Resources, the Employee Relations and Discipline Department, and all participating sub-employer representatives. Our Bank’s Occupational Health and Safety Policy is available at <https://www.vakifbank.com.tr/Default.aspx?pageID=2788>

With our Occupational Health and Safety Policy, we guide all our employees, including our subcontractors. We reference European Statistics on Accidents at Work-ESAW methods to track OHS performance indicators. We regularly provide in-class and e-learning training to raise awareness of the OHS throughout the Bank. We ensure that every newly recruited employee joins the one-day OHS in-class training within the scope of orientation training. In 2021, we provided in-class OHS training to a total of 1,093 participants. In addition, the Occupational Health and Safety Data Bank, which we have prepared for our employees, is among our publications on the corporate portal.

During this period, we have developed user-friendly screens and ensured sustainability in terms of efficiency and workflows. We developed and deployed virtual assistants to provide instant support to our employees via the Bilio Support application. All of our departments and branches have designated employee representatives in OHS. We raised awareness by training 157 employee representatives in 2021.

We mapped our OHS risks with a proactive risk management approach. We categorized them over approximately 100 control issues in our quarterly branch-department visits. Thus, we identify risks in advance and take the necessary measures. In this scope, we prepared a Risk Assessment Report and Emergency Plan in 339 branches and departments in 2021 and renewed those that were due. Thus, we have completed the Risk Assessment Report and Emergency Plan in all our departments and branches except for five branches and five departments. We also prepared a Covid-19 Risk Assessment Report in all our departments and branches every three months due to the pandemic. We have taken the necessary measures at all locations in accordance with the Pandemic Management and Study Guide

and Covid-19 Risk Assessment Report. Within the scope of our service procurement, we care about OHS processes, and we supervise 100% of all our employees as part of our practices, including our subcontractor workers. We aim to maintain 100% compliance with the control issues at all locations in the upcoming period and realized over 100 items every three months by continuing the Integrated Management System’s continuity (ISO 9001-ISO 14001-ISO 45001).

We have updated the applications to be made at the organization phase and the response levels during emergencies. We conducted exercises in 330 departments and branches to increase the level of knowledge about the reality of earthquakes that exist due to our country’s location. At the Occupational Health and Safety and Employee Representative training sessions, we provided Earthquake Awareness Raising and Emergency Evacuation Training for 810 people. According to peak ground acceleration (475) (this is the maximum ground acceleration that occurred during earthquake shaking at a location) for all locations, we carried out an “Earthquake Technical Study” based on the presence of active faults and the degree of proximity, as well as the age and type of rocks, within the scope of the criteria related to the gathering areas. With the study, we conducted a comparison of the “Building Stock Status” starting from Istanbul province and made a change in the location of 7 branches in Istanbul that did not meet the criteria.

Regarding Intrusion Alarm, Fire Warning, and Security Camera Systems; we continued our activities of installation and elimination of malfunctions in existing systems and their regular maintenance, meeting the needs of new fire extinguishers, replacing the necessary ones with new ones and their regular maintenance in new branch openings and branch renovations in line with the reports of workplace safety specialist

regarding “fire safety.” Within the scope of the improvement and development of electronic security measures; to eliminate the risk of the alarm system being disabled as a result of the failure to enter the alarm password during the closing of our branches or forgetting to enter the password, we started the application of sending an e-mail to the branch manager and text message to the branch security guard.

In 2021, we installed the CAS (Card Access System)/Turnstile System in the Headquarters Ankara Service Building, Corporate Academy Ankara Service Building, and the Pension and Health Support Fund Directorate buildings. We also renewed the security cameras and alarm systems of 100 departments and branches. We migrated the job request processes concerning physical security (security guard), electronic security (alarm and security cameras), and fire extinguishers to the system so that requests are met more effectively and quickly. To ensure that the installation, maintenance and repair, and progress payment control processes of the electronic

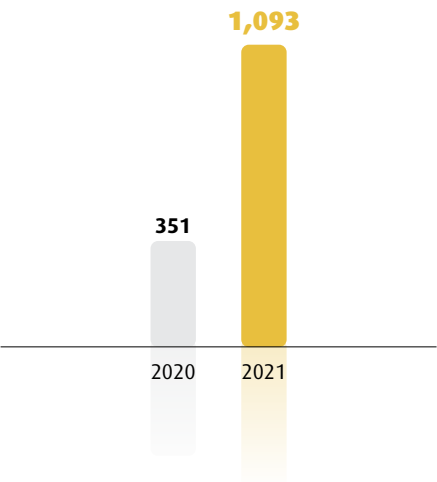
security system are systematically, flawlessly, and rapidly carried out, we made improvements and advancements to the software installed at our bank’s locations in line with user feedback.

Within the scope of our service procurement, we care about OHS processes, and we inspect 100% of all our employees within the range of our practices, including our subcontractor workers. We aim to maintain 100% compliance in the upcoming period with the control issues realized over 100 items every three months by maintaining the Integrated Management System’s continuity (ISO 9001-ISO 14001-ISO 45001).

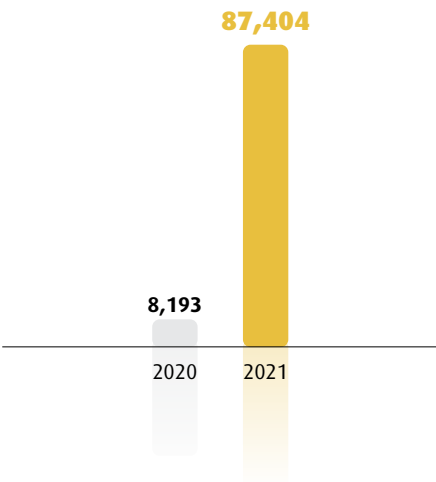
All our departments and branches have employee representatives designated for OHS.

Number of Employees Participating in OHS Trainings

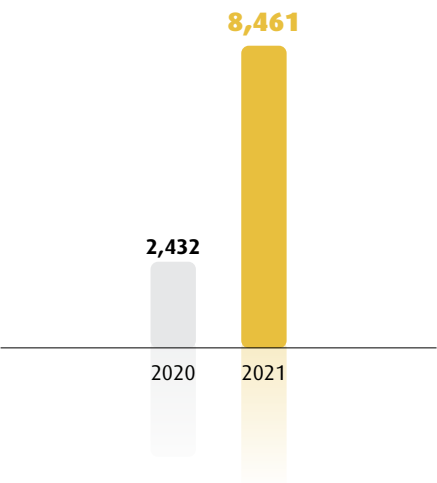
Number of Employees Attending OHS Trainings - In-Class



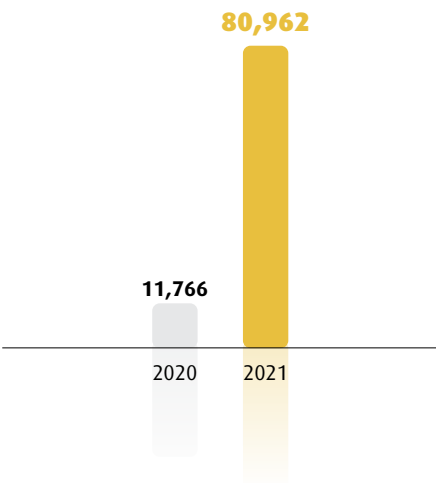
Number of OHS Training Beneficiaries - Online



Total OHS Training Hours - In Class



Total OHS Training Hours - Online



* The Occupational Health and Safety Training we offer online consists of 26 training sessions.

CAPACITY BUILDING AND TALENT MANAGEMENT

WE ARE A BANK **THAT TRAINS ITS OWN EXECUTIVES.**

The Ratio of Filling Top Positions with In-Bank Promotion **100%**✓

✓ It has been subjected to limited assurance by the Independent Audit Firm.

In this period when everything is changing rapidly, our Bank has adopted the philosophy of continuous development with a human-centered approach to achieve our strategic goals, keep up with the change and gain a competitive advantage. Our most critical mission is to follow a path that increases our employees' motivation by considering their needs and expectations in line with our human resources policy.

In this context, we aim to manage our human resources effectively, meet our employees' individual needs, and support our Bank's corporate development through career management studies we conduct.

At VakıfBank, we ensure that corporate strategic goals are transformed into individual goals with the Performance Management System to solidarity our employees' corporate and personal development with an innovative approach and continuous learning, increase solidarity and cooperation, and support their focus on corporate strategies.

We continue to improve our employees' competencies to reach our goals and become the industry's pioneer. Our performance evaluation system makes a behavioral-based competency assessment for our employees' career planning once a year and analyzes their training and development needs based on the evaluations. While implementing this system, we support continuous change and development with the innovations we make every year so that our managers can make a healthy evaluation and advance the process with an objective approach.

In 2021, we included all our bank employees in our performance system and completed a successful period in which our employees made a difference with their performance during the pandemic process. We presented performance achievement awards to our employees by evaluating the individual performance objectively and transparently.

3,883 of our employees were promoted to a higher title as a result of the assessment of the Career and Salary Management System Regulation and the Specialized Personnel Regulation. As a result, we have promoted 23% of our employees to a higher position in our career planning with the vision of becoming a bank that trains its own executives.

As a result of the work we have carried out this year, we are transitioning to a promotion model in our career planning system from 2022 onwards, where personal competencies and performance will stand out. We will determine the promotion of employees in terms of titles according to the role groups in which they are involved as a result of the grouping work, which will be carried out according to precise and objective criteria determined in advance.

While developing our performance system, we have started to work to ensure that our data is processed with advanced algorithms and used effectively with artificial intelligence technology with a progressive analytical approach to making use of technological opportunities in our targeting methodology. As part of our digitalization journey, we aim to complete our work in 2022 by strengthening our system's technical infrastructure, including the entire performance management system, and providing our users with reporting screens that will enable them an interactive and straightforward use.

We aim to complete the work in 2022 by accelerating the organizational backup software to facilitate business continuity, determine future management requirements from today, and follow up on our employees who will fill these requirements within our Bank.

With the Human Resources Reserve Management Project, we aim to ensure business continuity throughout our Bank and to reduce the dependence of processes on individuals to avoid any disruptions in ordinary and extraordinary situations. We will also ensure that the setup for monitoring the Reserve Management application defined in our Career and Wage Management System through our Bank's data processing system is created.



Yetenek neredeyse VakıfBank orada!



We promoted 23% of our employees to a higher title.

Thanks to this project;

- Critical jobs will be defined,
- Personnel responsible for critical works and their backups will be determined and systematically monitored,
- Programs will be created to increase the competence of the relevant personnel,
- With creating a manager backup system, the entire backup system will be monitored and manageable.

Additionally, in line with our organizational goals, we effectively conduct our Bank's Norm Staff activities to provide an optimum employment number according to the workload. Besides, we closely monitor these employees by creating talent pools to meet the workforce needed in the short, medium, and long term with high performance and potential employees within our Bank.

Changes to the organizational structuring of the Headquarters in 2021

- We have introduced a change in the organizational structuring of the Allocation Management Departments to ensure prompt and healthy meeting of loan allocation requests, the creation of effective allocation management, and the implementation of a common allocation policy.
- We have gone through a change in the organizational structuring of IT Departments to increase the effectiveness of our Bank's Information Technology Departments, clarify functional distinctions, and build a structure in compliance with the requirements of modern Banking.

- We have established the Retail Banking Marketing Department to ensure the provision of customer-centric and effective management in the retail segment, timely and healthy satisfaction of customers' changing needs, and support specialized expertise in this segment.
- To ensure widespread and effective deposit management, we made a structural adjustment in the Deposit Marketing Departments in parallel with current conjunctural requirements.



EMPLOYEE DEVELOPMENT AND TRAININGS

IN OUR TRAINING PROCESSES, WE USE A MIXED-LEARNING MODEL THAT **ALSO INCLUDES THE NEXT GENERATION OF DIGITAL LEARNING EXPERIENCES.**

A total of 663 employees participated in basic/ orientation training sessions.

By contributing to the professional, technical and personal development of our employees through the training provided in line with the Bank’s strategy and the human resources policies that we follow, we aim to improve work productivity. We provide in-class, live virtual classroom, e-learning, and video-based training on the subjects determined as a result of the training needs analysis conducted as part of the competencies expected from our employees.

- We offer our role-based training programs within the scope of;
- “Basic Training Programs” for newly recruited employees,
 - “Development Programs” that include the personal development of our employees under different titles and professional/technical subjects,
 - “Manager Development Training Programs” aimed at increasing the managerial, professional, and technical competencies of our employees working in executive positions,
 - “Information Technologies Training Programs” will support the relevant business processes of the employees working in the information technologies departments and contribute to their professional development,
 - “Online Training Programs” includes a wide range of e-learning training developed in the fields of professional/technical/individual, development/manAGERIAL, competence/legal, imperative/social, responsibility/hobby.

In our training processes, we use a mixed-learning model that also includes the next generation of digital learning experiences. We collaborate with universities and training companies in the design of educational programs. In order to monitor and evaluate the development of our employees, we conduct an evaluation test on the training portal at the end of the training and measure the training results.

We planned 63% of our in-class training sessions in the virtual classroom setting, thanks to our strengthened digital infrastructure as a result of the pandemic. A total of 707,026 people took part in 1,511 in-class and live virtual classroom training sessions, as well as e-learning and video training on 313 topics. We reached 11.04 people/hour for in-class training and 22.28 people/hour for e-learning. In 2021, the ratio of training sessions provided by internal trainers to in-house training sessions also amounted to 41% on a subject basis.

We conducted 343 training sessions for 5,864 Head Office Department employees during the same period, while 663 people participated in basic/orientation training programs. A total of 595 employees attended training sessions offered by the Banks Association of Turkey (TBB) and the Interbank Card Center (BKM), while 1,877 employees attended certification exam preparation and refresher training.

We have continued to contribute to the personal development of our employees through training videos on “Customer Relations,” “Sales,” “Effective and Good Speaking,” “Learning Human,” “Perception Management and Persuasion,” “Memory Strengthening Methods” and “Concentration Techniques” where micro-teaching methods are employed.

To raise awareness about sustainability, we organized e-learning training sessions on the topics of “Basic and Advanced Sustainability for Banking,” “ISO 9001 Quality Management System,” “ISO 14001 Environmental Management

System,” “ISO 45001 Occupational Health and Safety Management System,” “Zero Waste,” “Integrated Management System and Auditor,” “Ethical Principles” and “Gender Equality in Working Life” for employees throughout the year. In the area of social responsibility, we provided our employees with e-learning training sessions on topics such as “How To Approach Disability,” and “Sign Language.”

After 2021 was declared the “Turkey Year of Disaster Education,” 8,544 of our employees have benefited from the “Disaster Awareness for Individuals and Families” training video prepared by AFAD.

We have transformed the face of distance learning through the Corporate Academy Training Platform for more effective and efficient learning. With the support of artificial intelligence, we made sure that training is delivered in a pleasant distance learning environment with a brand new experience offering employee-specific recommendations.

At the end of the training, we reduced our paper consumption thanks to our infrastructure, where an assessment form, in which participants state their views regarding the training, is delivered via a QR code.

In 2021, we won the Bronze Award in the TEGEP 2021 Learning and Development Awards with our “Phone Sales Techniques” training program, which we offered intensively to our employees in 2020.

In 2022, we will continue to support the development of our employees by diversifying digital learning channels such as e-learning, video training sessions, and live virtual classroom through a mixed learning model. In addition to the training and development opportunities offered by the Bank, we are planning to implement a digital library to support our learning culture. The library will be accessible 24/7 by our executives and employees and contain book summaries, articles, audiobooks, and periodicals. In the coming period, we will implement the “Data Analytics Development Program,” which we have designed to increase data awareness among employees to increase their data-based competencies and develop their data analytics skills.



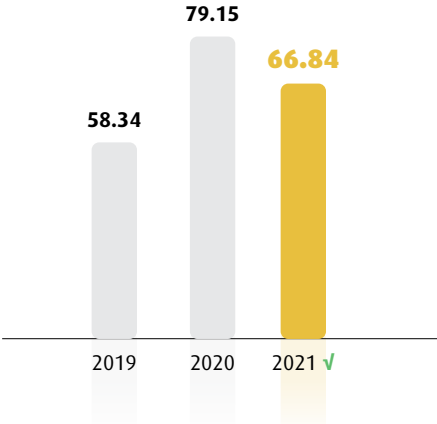
VakıfBank
Corporate
Academy

OUR HIGHLIGHTED EDUCATIONAL PRACTICES IN 2021

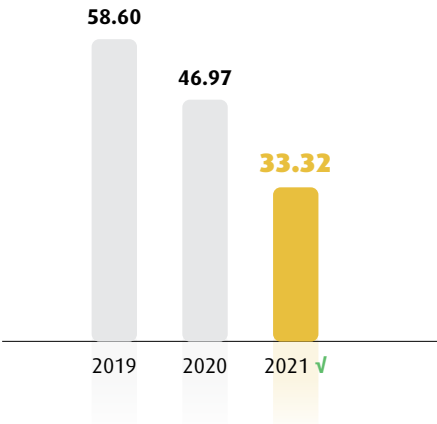
- In accordance with our vision of “always with our customers,” we have prioritized providing our staff with training and learning materials that will increase customer satisfaction and improve communication between our customers and employees. In this context, we made available the training videos “Code of Conduct,” “Customer Care and Right Welcoming,” “Measures to Be Taken at the Branch under Pandemic Conditions” and “Informing the Customer Accurately” to the employees working in branches.
- We have enabled our employees to be trained in data security and customer privacy protection, and compliance with legal regulations so that they can stay current in terms of information security.
- We conducted training sessions on the subjects of “Sector Based and Cash Flow Oriented Financial Analysis,” “Company Visit and Effective Communication with Customers,” “Early Warning Signals and Problematic Loans,” “Sales Techniques over the Phone” and “Treasury and Investment Products” for our branch employees.
- As part of the legally mandatory training, we provided “First Aid Update” training to 906 employees, “Occupational Health and Safety” training to 1,903 employees, and “Employee Representative” training to 106 employees.
- To develop the competencies of the employees, within the scope of the development program designed with the academicians of Boğaziçi University, we ensured that 21 participants received their internationally recognized specialization certificate by using the mixed teaching method.
- Before the Video Service Project was implemented at our Bank, we provided

- “Sign Language” training to our customer representatives working at the Call Center Directorate. With our Sign Language application in Video Call Center, which facilitates banking transactions for our hearing-impaired customers, we have been awarded the “Social Responsibility Special Prize” at the CX Awards where the most successful customer experience applications in Turkey are evaluated.
- While 11,447 employees benefited from a training video created for our bank’s new product “VINOV,” a total of 5,950 managers and employees attended 19 live virtual classroom training sessions.
 - As part of the Presidential Internship Mobilization Project, we organized a four-day training program for university students in our bank, during their internship periods in August and September. We provided training sessions to 47 of our interns on the subjects of “Preparing for Business Life and Effective Time Management” as well as presentations prepared to promote our Bank.
 - We presented the e-learning sessions organized under the subjects of “Human Rights,” “Ethics in the Framework of Human Rights,” “Human Rights and Ombudsman” and “Gender Equality in the Workplace based on Human Rights” organized by the Human Resources Office of the Presidency of Turkey in the category of Human Rights through the Distance Training Gate to the employees of our Bank.
 - A total of 25,506 people/hour of training was provided in 59 subjects to enable our employees in information processing units to continue their education and development during the pandemic period. We have also enabled them to take advantage of global content provider digital platforms.

Share of Digital Training in Total Hours of Training



Average Training Hours per Employee



✓ It has been subjected to limited assurance by the Independent Audit Firm.

RECRUITMENT OF YOUNG TALENTS

WE ARE SUPPORTING YOUNG MINDS TO EXPRESS THEMSELVES MORE ACCURATELY BY ORGANIZING AN INTERVIEW SIMULATION EVENT TO HELP THEM GAIN EXPERIENCE IN THE INTERVIEW PROCESS.

To meet our Bank's increasing workload and the need for employees in IT departments, in 2021, we recruited 624 new employees.

In recruitment processes, we aim to carry out our activities effectively with our optimum number of employees and employ young and qualified candidates who will bring dynamism to our Bank. Accordingly, to meet our Bank's increasing workload and the need for employees in IT departments, in 2021, we recruited 624 new employees. As of year-end, the number of our employees reached 16,929 with the recruitments we made throughout the year.

We have prioritized ensuring that the onboarding and adaptation process for newly appointed employees is carried out more efficiently. We have assigned "Onboarding Representatives" in our departments and branches to guide and support our employees in this regard. Through our representatives, we aimed to improve the onboarding and adaptation of our new employees, increase employee belonging throughout the organization, and better transfer the Bank's corporate culture, mission, and objectives to newly recruited employees.

As a Bank, we have participated in career events at universities such as the Middle East Technical University, Galatasaray University, Yıldız Technical University, and Ankara University this year, as every year, to acquire university students or new graduates for our Bank and to inform them about our career and internship opportunities. We also organized an interview simulation event to help young minds gain experience in the interview process, supporting them in expressing themselves more accurately.

We granted internships in our departments/branches to help college students gain work experience and some insight into the banking profession. - As part of the "Internship Mobilization" project, carried out under the coordination of the Human Resources Office of the Presidency of Turkey, we recruited our intern students from among the candidates who applied to the "Career Gate" platform. We approved the application of "50" students to do internships at our Bank's Departments/Branches for the internship calendars we have created on the Career Gate, with the work we have carried out as part of the "Internship Mobilization" project. We incorporated internship students into virtual classroom training programs specifically designed to get to know our bank's corporate culture and to experience business life on a one-to-one basis during their internship. For our interns, we have assigned "Onboarding Representatives" to provide immediate support for their needs throughout the entire process and provided them with support throughout the process. We assessed the internship performance of the students who completed the internship process and training at our Bank via the Career Gate platform and issued an "Internship Certificate" to successful students.



our natural capital



Water
Consumption
per Employee

11.13 m³

Total Number of
ISO 14001 Certified
Locations

**All Bank
Locations**

Energy
Consumption Per
Employee

3.96 MWh

Material Topics and Sustainable Development Goals

Climate Change and Environmental Performance of the Bank



RISKS

Increase in unit costs and consumption amounts of energy resources
The use of natural resources and the increase in the amount of waste

OPPORTUNITIES

Reducing the carbon footprint by controlling the consumption of natural resources
Limiting the use of natural resources and the amount of waste with trainings on climate change and energy efficiency

CLIMATE CHANGE AND ENVIRONMENTAL PERFORMANCE OF THE BANK

WE AIM TO MANAGE WATER-RELATED RISKS AND TAKE PART IN INCREASING AWARENESS BY SUPPORTING THE CDP WATER PROGRAM.

We continue to increase our environmental, social, and managerial performance and integrate sustainability into our corporate strategy for a more livable future by realizing our banking activities at international sustainability standards. We are aware of climate change’s effects, which is the most crucial challenge of our age, operations, and financing. In this context, we consider the impacts of climate change as essential risks, and we aim to play an active role in the transition to a low-carbon economy by effectively managing the risks.

We became the first Turkish public enterprise in 2019 to promote the commitment to reduce carbon emissions by joining the Science Based Targets initiative, led by many pioneering organizations. The Science-Based Target initiative published its draft public opinion on the fundamentals of net-zero target setting in the financial sector in November 2021. In this context, and in accordance with the Paris Climate Agreement’s maximum 1.5°C temperature increase target, we continue our efforts to quantify greenhouse gas emissions and set targets. In addition, we are working to achieve the annual reduction targets set by our Board of Directors in this process.

- 2% Electricity consumption per square meter
- 2% Natural gas consumption per square meter
- 2% Domestic water consumption per capita
- 2% Paper use per capita
- 2% Total reduction of carbon and greenhouse gas emissions

In addition, we report our climate change strategies, risks, and performance to the CDP, as well as present our results to our investors and the general public. We maintained our B-level performance grade in 2021 within the context of the CDP Climate Change program, which we have been reporting on since 2015. In addition, as VakıfBank, we aim to play a role in managing water-related risks and raising awareness by supporting the CDP Water Program in 2022.

We evaluate our strategy to combat climate change and our efforts in this context under three main headings; **Reducing Environmental Impacts, Sustainable Energy Finance, and Raising Employee Awareness.**

Under the heading of **Reducing Environmental Impacts**, we work to reduce the effects and carbon footprint that occur during our activities. We have 11 full-time employees at our Environmental Management Department, established in 2015 by the resolution of the Board of Directors. In this context, we monitor our environmental performance with an electronic database system and through this system, we track the monthly energy, waste, and water data entries of Headquarters and all of our branches and effectively manage our greenhouse gas emissions and energy consumption. The Environmental Management Service not only regularly monitors this data but also audits it and directs all our departments to reduce natural resource consumption and greenhouse gas emissions.

We also prefer to use products with high efficiency to reduce consumption. We use central heating and cooling systems, energy-efficient servers, A-class inverter air conditioners, and energy-efficient products in this context. We use LED systems in lighting and turn off computers and phones centrally after specified hours.

In 2020, we replaced 450 of our vehicles with their hybrid versions. With our fleet of hybrid vehicles, we have reduced the emissions generated by our vehicles by approximately 10% in 2021. The gains of our bank achieved with this project correspond to 789 tCO₂-e. This amount is equal to greenhouse gas emissions that are generated through meeting the electricity needs of 1,112 homes in Turkey. In 2021, we added 50 more hybrid vehicles to our vehicle fleet and reduced our emissions arising from company vehicles by 17%. Thanks to all these applications, we save energy, follow up, and report our carbon emissions under the Greenhouse Gas Emission Data Collection and Calculation Regulation.

In the 2020-2021 audit period, as in the previous years, we obtained the ISO 14001:2015 Environmental Management System certificate to certify that we manage the direct environmental impact of our banking activities in compliance with international standards. We have enabled all VakıfBank employees to work in ISO 14001-certified buildings.

Each year, we perform internal audits by the Audit Board and external audits through independent external auditors in all our locations. In nonconformity during the audits, we create a corrective action form and work to solve the problem. With our procedures and the Environmental Management System, we provide coordination and effectiveness in our work.

- Waste Control Procedure
- Assessment Environmental Dimensions and Control Plans Procedure
- Internal Audit Procedure
- Detection of Non-Compliance and Corrective Actions Procedure
- Determination and Follow-Up of Legal and Other Requirements Procedure
- Management Review Procedure

In order to reduce our environmental impact, we also consider the management of our wastes, separate our hazardous wastes, and conduct studies to reduce the amount of waste generated per person. We have completed the supervision of our hazardous and non-hazardous wastes and made them compatible with local and international regulations. Besides, we continue to increase our recycling rate by keeping recycling bins in all our locations.

We are aware that the financing of sustainable development in the combat against climate change takes an important place. Within this context, under the heading of **Sustainable Energy Financing**, we provide financial support to sustainable energy investments and projects by prioritizing renewable energy initiatives. We have provided nearly TL 4.4 billion in funding support to 22 renewable energy projects with a total installed power of 998.4 MW in 2021. In the coming period, we will continue to provide financial support to renewable energy and resource efficiency projects.

At VakıfBank, we remain sensitive to energy and emission issues. During 2019-2020, we were a Carbon-Negative organization for two years in a row, offsetting the excess of all our greenhouse gas emissions. In 2021, we reduced our emission amount within the scope of Scope 1 and Scope 2, which was confirmed by the ISO 14064 certificate, by 50% compared to the previous year as of the end of 2021, to 18,202 tCO₂e. In this context, we became a carbon negative bank by offsetting the excess of our greenhouse gas emissions. In 2021, electricity generated from renewable resources accounted for 80% of total electricity consumption. In the upcoming period, we are working to become part of I-REC, the international certification system that certifies electricity is generated from renewable energy resources.

In the topic of Raising Employee Awareness, by training our employees on energy efficiency and climate change, we aim to raise awareness and to develop environmentally sensitive behavior models such as energy savings and waste separation both in and out of the Bank.

Sustainability training activities conducted for more effective adoption of the sustainability vision by the employees were accelerated in 2021. The Basic and Advanced Levels of Sustainability e-learning training sessions for Banking have been made available to our employees. The training session on the subject of “Zero Waste” has been made available to all our employees via the Bank’s training portal and 6,174 individuals have taken the training. E-learning training sessions on “Ethical Principles” and “Gender Equality in Working Life,” which include guidance values, principles, and standards that help our employees determine “how things should be done,” were assigned and 15,791 employees benefited from these training sessions.

In this context, we provided 400 hours of in-class and 3,307 hours of online sustainability training, and 8,144 hours of online environment training to our employees in 2021. Also, thanks to our training sessions as part of the ISO 9001 Quality Management System and ISO 14001 Environmental Management System, by the end of 2021, we certified 1,346 employees, and as a result, we now have at least one certified employee at our 878 branches. As we targeted in 2020, in 2021, all our employees were assigned EN-ISO 14001 Environmental Management System training, with 6,024 employees benefiting from it. We completed our Zero Waste Project system records carried out by the Ministry of Environment, Urbanization, and Climate Change in 2020, and our certification procedure is still ongoing as of 2021.

We initiated a Corporate Social Responsibility project for our electronic waste. We sent the electronic waste brought by our employees to TÜBİSAD (Informatics Industry Association) and donate the resulting income to the Darüßafaka.

In addition, during this period, we managed to help 12 people in need have a wheelchair with the collection of approximately 4.5 tons of bottle tops by employees in support of the plastic campaign conducted by TOFD (Turkish Society of Spinal Cord Paralyzed People)

You can access our Environmental Policy document, which we created within the scope of our sustainability efforts to continuously improve our environmental performance to protect the environment and ensure the continuity of natural resources at <https://www.vakifbank.com.tr/Default.aspx?pageID=2793>

Renewable Energy Type	Number of Projects Funded	Funding Amount for Projects (TL)	Installed Power (MW)
BIOGAS	0	0	0
BIOMASS	3	26,337,604	11.03
SPP	10	1,881,268,472	555.69
HPP	3	104,442,762	18.98
GPP	0	0	0
WPP	6	2,397,574,407	412.7
Grand Total	22 ✓	4,409,623,245 ✓	998.4

✓ It has been subjected to limited assurance by the Independent Audit Firm.



Corporate Governance

IN ORDER TO CREATE SUSTAINABLE VALUE, **WE CONTINUE OUR ACTIVITIES IN COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE, WITHIN THE FRAMEWORK OF THE PRINCIPLES OF EQUALITY, TRANSPARENCY, ACCOUNTABILITY AND RESPONSIBILITY AND IN ACCORDANCE WITH THE RELEVANT LEGAL LEGISLATION.**

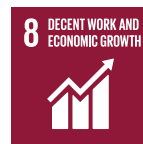


Material Topics and Sustainable Development Goals

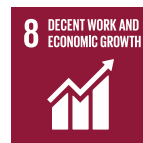
Corporate Governance



Risk Management



Compliance and Audit



We continue our activities in compliance with the Corporate Governance Principles in order to protect all stakeholders, mainly shareholders, to act in the interests of stakeholders, and to create sustainable value for our country while growing. In this regard; we continue our activities in line with the principles of equality, transparency, accountability, and responsibility, in compliance with banking legislation, capital market legislation, the Turkish Commercial Code, and other relevant regulations. In this context, we carry out Corporate Governance Compliance Reporting and prepare Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) annually.

Also, we explain in detail our works in the environmental, social, and governance (ESG) fields within the scope of the Sustainability Principles Compliance Framework put into practice with the Communiqué on Amendments to the Corporate Governance Communiqué No. II.17.1 of the Capital Markets Board published in the Official Gazette on October 2, 2020, and we pay maximum attention to the implementation of these principles.

We believe that corporate governance is through managing risks with a proactive approach in accordance with legal legislation and international standards, preventing situations that may cause a conflict of interest and ethical banking practices that increase transparency. We share the information and documents that should be presented to stakeholders transparently in the Investor Relations section of our website. Along with the financial risks that affect or may affect our institution; we also monitor non-financial risks, such as reputational risks and environmental risks, including climate change, and manage these risks in line with national legislation and international regulations.

In addition to being against all kinds of bribery and corruption, we are determined to comply with the relevant laws, regulations, and principles. Issues such as laundering proceeds of crime and fighting financing of terrorism and preventing the use of the financial system by criminals are also among the main areas that we focus on.

SUMMARY REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

In 2021, the emergence of new Covid-19 variants as vaccination works were underway led to increased concerns and affected economic activity. Many countries have begun to put new restrictions into effect in order to protect themselves from the impacts of case increases. However, the mild course of the Omicron variant, in particular, resulted in the relaxation of the measures taken. As a result of these developments, the recovery in global markets has continued. On the other hand, there have been signals that fiscal stimulus and monetary expansion policies followed in order to reduce the damage caused by the pandemic on economies may be gradually coming to an end. Although it has not changed the interest rate, the US Central Bank (Fed) has indicated that it may raise interest rates in the coming periods and will gradually reduce its Asset Purchase Program. In addition, although it has not changed interest rates in line with expectations, the European Central Bank (the “ECB”) has also announced that it will end the Pandemic Emergency Purchase Program and the Asset Purchase Program as planned in the event that negative shocks related to the pandemic do not occur, although it has not changed interest rates in line with expectations. Under all these developments, the US economy grew by 5.7%, the Eurozone by 5.2%, and the Chinese economy by 8.1% in 2021.

The Turkish economy was also affected by the developments in global markets during this period. Fluctuations, especially in the exchange rate and inflation towards the end of the year, were among the most important developments of this year. Despite the extreme volatility in domestic and international market conditions, our country’s economy grew by 11% in 2021 thanks to the actions taken under the leadership of the economy management.

The Turkish banking sector, on the other hand, maintained its strong capital structure during this period. The total asset size of the sector increased by 50.9% in 2021 reaching TL 9.213 billion. The support provided to the Turkish economy through cash and non-cash loans amounted to TL 6.670 billion. In this period, the equity of the sector increased by 18.6% and reached TL 711 billion. The capital adequacy ratio of the sector, on the other hand, reached 18.34% in 2021.

In 2021, VakıfBank maintained its uninterrupted support to the country’s economy. Our bank increased its assets by 44.1% compared to the same period of the previous year, to TL 1,007 billion. During this period, loans again made the most crucial contribution to asset growth. Our live loans increased by 35.9% and reached TL 574 billion. Commercial loans increased by 42.7% to TL 449 billion, and retail loans increased by 16.2% to TL 125 billion.

Increasing its total deposits by 42.7% to TL 591 billion, our Bank raised its demand deposits by 81.1% and time deposits by 33.4%. In addition to deposits, with new resources amounting to USD 5.4 billion sourced from international markets, the funding structure was diversified.

Increasing its shareholders’ equity by 11.8% to approximately TL 52 billion in 2021, our Bank’s net profit for the period reached TL 4 billion 175 million. During this period, our capital adequacy ratio was 14.85%.

We thank our customers, employees, and shareholders for their contribution to the results we achieved in 2021.

Yours sincerely,

TÜRKİYE VAKIFLAR BANKASI T.A.O.

BOARD OF DIRECTORS

BOARD OF DIRECTORS



Mustafa SAYDAM - Chairman of the Board

Born in Ağrı in 1966, Mustafa SAYDAM graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1990. He started his career at VAKIFBANK in 1993 with the title of Assistant Inspector. After serving as an Inspector from 1996 to 1999, he served as an Assistant Manager and Manager in various branches and units. He worked at the Human Resources Department of VAKIFBANK between 2005 and 2010 and as the Chairman of the Board of Inspectors between 2010 and 2013. In October 2013, Saydam was appointed as the Executive Vice President of VakıfBank and held this position until January 2019. Served as the Deputy General Manager at Vakıf Emeklilik and Board Member at Vakıf Pazarlama, SAYDAM was elected as a Board Member on March 26, 2021, at The 67th Ordinary General Assembly of VakıfBank and as the Chairman of the Board of Directors at the Board of Directors Meeting held on the same day. Mustafa SAYDAM, who is married with two children, speaks English.



Dr. Cemil Ragıp ERTEM - Deputy Chairman

Dr. Ertem graduated from Dokuz Eylül University, Faculty of Economics. He has received his master’s degree and Ph.D. in finance and economics from Istanbul University, Faculty of Economics. He was a lecturer at Istanbul University and THK University on knowledge economy, economy-politics, alternative growth, and monetary theory. Dr. ERTEM has authored many articles in the fields of economy-politics, economic policies, and monetary policies. For many years, he has been a columnist and a TV commentator on economics in various media outlets and newspapers. He is the winner of the 2011 “MÜSİAD Best Economics Writer” award. He has authored four books: “Endings and Beginnings,” “New World Order-Wiki Leaks,” “60 Days that Shook the World,” and “The River that Found Its Bed” (Political economy of the Erdogan era). He is currently the Chief Economic Adviser to Turkish President Recep Tayyip Erdoğan and a member of the Presidential Economic Policy Board. He was elected as a Member of the Board of Directors of VakıfBank on August 13, 2018. He has been the Deputy Chairman of the Board of Directors since June 12, 2020, when he was elected at the Board of Directors Meeting.



Abdi Serdar ÜSTÜNSALİH – General Manager -Executive Board Member

Mr. Üstünsalih was born in 1963 in Trabzon, and began his career in 1991 at T. VakıfBank T.A.O. After working as a Manager in various branches and units at the same bank, he, then, served as the Head of Information Technologies, Retail Banking, Banking Operations, and Core Banking Application Development units. He was assigned as Executive Vice President in July 2018 at T. VakıfBank T.A.O., and he is continuing as General Manager and managing member of the Board of Directors since May 27, 2019. He also serves as a Member of the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş. Abdi Serdar ÜSTÜNSALİH is married with two children. He has also served in many foundations and associations.

BOARD OF DIRECTORS

**Abdülkadir AKSU – Independent Board Member**

Born in 1944 in Diyarbakır, Abdülkadir AKSU completed his primary education at Diyarbakır Republican Primary School and his secondary education at Ziya Gökalp High School. He started his higher education at Ankara University, Faculty of Political Sciences in 1962. After his graduation, he started to work as Intern District Governor in Diyarbakır and then served as Ergani District Governorship, District Director of Sinan in Bismil District and Deputy District Governor in districts such as Genç, Akçadağ and Doğanşehir. He was appointed as the District Governor of Kınık in 1970. After his military service, he served as the District Governor of Sankaya district of Yozgat, the Police Chief of Malatya, the Deputy Governor of Kahramanmaraş, the Central Police Chief, and the Deputy General Director of the General Directorate of Security, respectively, from 1973 to 1980. On August 29, 1980, he was appointed as the Governor of Rize and also held the offices of Governor and Mayor simultaneously for a short time. After serving as the Central Governor, he served as the Governor of Gaziantep between 1984 and 1987. Elected as the “Bureaucrat of the Year” in 1985, Aksu is also a statesman who has been awarded the “Politician of the Year” award for dozens of times.

On November 29, 1987, he was elected as 18th term Diyarbakır Deputy from the Mainland Party and became Deputy Chairman of the Parliament Group of the Mainland Party in December 1987. He was appointed as the Minister of Interior in

the 46th Government of the Republic on March 31, 1989; and continued this duty until 23 June 1991 in the 47th Government of the Republic. On December 24, 1995, he was elected as Deputy Chairman of the Mainland Party Parliament Group again, shortly after he entered the Parliament as a Diyarbakır Deputy from the same party. He was appointed as the State Minister position responsible for the South East Anatolia Project in the 53rd Government of the Republic. Aksu joined the Welfare Party on August 16, 1996, served as a member of the General Administrative Board and Vice President in this party. AKSU continued politics in the Virtue Party after the Welfare Party was dissolved by the Constitutional Court. Abdülkadir Aksu has been one of the founders of the AK Party by continuing with new enthusiasm and new dreams with Recep Tayyip ERDOĞAN, with whom he has great confidence in politics. After serving as the Vice President of Local Governments in this party, he was elected as a deputy from the Istanbul 3rd Region in the elections held on 3 November 2002. He served as the Ministry of the Interior during the 58th and 59th Cabinets and as the Deputy Chairman of the AK Party, responsible for Political and Legal Affairs between 2009-2012.

Abdulkadir AKSU was elected as the Chairman of the Board of Directors of VakıfBank in May 2019 and held the position until March 2021, and he was elected as an independent member at the 67th Ordinary General Assembly of VakıfBank. He also holds the position of the Corporate Governance Committee Membership.

**Dr. Adnan ERTEM – Board Member**

Dr. Ertem (born in 1965) completed his secondary education in Erzurum. He graduated from Istanbul University, Faculty of Political Sciences and Department of Public Administration in 1987 and got his Ph.D. in the field of sociology in 1997. Beginning his career as an Assistant Auditor at the General Directorate of Foundations in 1988, Dr. Ertem was appointed as Auditor in 1991 and Chief Auditor in 2002. Between 2002 and 2007, he served as the Regional Director at the Istanbul Regional Directorate of Foundations. Between 2007 and 2010, he held the position of Deputy Undersecretary of the Turkish Prime Ministry, following this position, he served as the General Manager of the General Directorate of Foundations between October 14, 2010, and December 26, 2019. Dr. Ertem was appointed as the Deputy Minister of the Ministry of Family, Labor, and Social Services in December 2019. On April 21, 2021, since the Ministry in question was divided into the Ministry of Family and Social Services and the Ministry of Labor and Social Security, Dr. Adnan ERTEM continues to serve as the Deputy Minister of Labor and Social Security. Since October 27, 2010, he has been a Board member of VakıfBank. Dr. Ertem is also a member of the Remuneration Committee and a substitute member of the Credit Committee. He is married with two children.

**Şahin UĞUR - Board Member**

Şahin Uğur completed his primary and secondary education in Malatya and Erzurum and graduated from Atatürk University Faculty of Business Administration Department of Business Management in 1979. He started his career at VakıfBank in 1984 and served as Deputy Manager, Manager, and Head until 2004, and then served as Executive Vice President between 2004 and 2013. Following that, Mr. Uğur served as a Board Member at VakıfBank International AG Vienna, Güneş Sigorta A.Ş., Taksim Otelcilik, Atakule GYO A.Ş., Vakıf Menkul Kıymetler A.Ş., Vakıf GYO A.Ş. which are subsidiaries of the VakıfBank. Şahin Uğur, who has been a member of the VakıfBank Board of Directors since 9 June 2017, is also a Member of the Credit Committee.

**Dilek YÜKSEL - Independent Board Member**

Mrs. Yüksel was born in Niksar, Tokat in 1977. She graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Economics. Mrs. Yüksel had an education on banking and economy from Banking Law and Research Institute at Ankara University. She worked as the Manager of Press and Public Relations Department in Samsun Atakum Municipality and the Chief of Mamak Municipality's Culture Branch.

She was elected as a Member of Parliament for the 23rd and 24th legislative terms from Tokat province. In the 23rd legislative term of the Grand National Assembly of Turkey (GNAT), she was a member of the Committee on State Economic Enterprises. She chaired the Subcommittee on Increased Women's Employment and Proposals for Solutions. In addition, he served as a Secretary Member of the Presidential Council of the Grand National Assembly during the 24th term. She was elected as a Board member of VakıfBank in the Ordinary General Assembly on March 29, 2016, and she is also a member of the Bank's Audit Committee and Corporate Governance Committee; and a substitute member of the Credit Committee. Mrs. Yüksel is fluent in English. She is married with two children.

BOARD OF DIRECTORS

**Serdar TUNÇBILEK - Independent Board Member**

Mr. Tunçbilek graduated from Ankara University, Faculty of Political Sciences. He began his working life as an Assistant Auditor in Emlak Bankası A.Ş. in 1985. Following his position as an auditor for 4 years, he served as the Manager of Loan Marketing, Loan Monitoring and Securities, and Branch Manager of Dusseldorf Financial Services for 11 years. He held the position of Secretary-General in Egebank between 2000-2001. He was Vice Head of Department in BRSA between 2001-2005 and Group Coordinator and Acting Head of Department at SDIF between 2006-2007. Mr. Tunçbilek also held the positions of Board member, Supervisory Board member, and Chairman in the companies under the body of SDIF between 2001-2007.

Mr. Tunçbilek was elected as a Board member of VakıfBank in 2007, he was a member of Credit Committee and Audit Committee for 5 years. He was also a Board member and Chairman of Vakıf Sistem Pazarlama, Vakıf Yatırım Menkul Değerler, Vakıf Menkul Kıymetler ve Vakıf Portföy A.Ş. between 2008-2014. Served as a Board member at Güneş Sigorta A.Ş. between 2014 and 2017, Serdar TUNÇBILEK held the position of the Deputy Chairman at VakıfBank between June 2017 and August 2018. At the General Assembly meeting, held on August 13, 2018, Mr. Tunçbilek was elected as a Board Member of VakıfBank. He is also a member of Credit Committee and Audit Committee.

**Sadık YAKUT - Board Member**

Mr. Yakut was born in Kayseri/Büyükkaramanlı in February 3, 1956. He was graduated from Istanbul University, Faculty of Law. He served as a public prosecutor in Halfeti, Çamardı, Savaştepe and Giresun. He served as Investigating Judge and Head of Department within the Ministry of Justice General Directorate of Prisons and Detention Houses. He resigned and became a deputy candidate while he was working as the Ankara Public Prosecutor. He entered the parliament in the 1999 elections as Kayseri Deputy from the Nationalist Movement Party. He served as Group Board Member for his party and Constitutional Committee Member. He served as a Board Member of Gençlerbirliği Sports Club as well. Sadık Yakut, a Founding Member of the Justice and Development Party, served as the Vice President of this party. In the 22nd, 23rd, and 24th terms, he served as the Justice and Development Party Kayseri District Deputy and Vice Chairman of the Turkish Grand National Assembly. Mr. Yakut was elected as a Board Member of VakıfBank on May 27, 2019. He is also a member of the Corporate Governance Committee. He is married with 3 children.

BOARD OF STATUTORY AUDITORS

**Mehmet Emin BAYSA - Board of Statutory Auditors Member**

Mehmet Emin BAYSA graduated from Ankara University, Faculty of Political Sciences, Department of Civil Public Administration, completed his master's degree in Public Administration, and received training from the National Security Academy. On May 29, 2000, he started his civil service as a District Governor Candidate of the Ministry of Interior. He has served as Deputy Inspector in Customs Audit Board, Deputy Inspector, Inspector, Chief Inspector, Deputy Chairman of the Audit Board of the Prime Ministry since August 2001, he has served as the Head of the Prime Ministry Foreign Relations and the Head of the Audit Board of the Prime Ministry. Mehmet Emin Baysa, who was appointed as a member of the Presidency State Supervisory Board as of August 3, 2018, is still carrying out this duty. He was elected as a Member of the VakıfBank Audit Board on 12 June 2020.

**Hasan TÜRE - Board of Statutory Auditors Member**

Born in Kızılcahamam/Ankara in 1963, Mr. Türe graduated from Anadolu University, Business Management Department. He began his working life as an Intern Officer at VakıfBank in 1990. Since 2002, he served as the Manager of Vezirköprü Branch/ Samsun, Kırşehir Branch, Manager and Board member of VakıfBank Personnel Private Pension Fund as well as the Board member at the subsidiaries of VakıfBank, respectively. Mr. Türe retired from VakıfBank on February 28, 2014. He still serves as a Board member of Yenimahalle/ Ankara Social Assistance and Solidarity Foundation and also various civil society organizations operating in Ankara. Mr. Türe was elected as a member of the Audit Board at the General Assembly of VakıfBank held on June 9, 2017. He is married with two children.

EXECUTIVE MANAGEMENT



Abdi Serdar ÜSTÜNSALİH
(Departments Affiliated to the General Manager: Lending Policies and Processes Implementation Department, Secure Banking Department, Board of Directors Affairs, Private Secretariat)

Mr. Üstünsalih was born in 1963 in Trabzon, and began his career in 1991 at T. VakıfBank T.A.O. He served as the manager of various branches and departments at VakıfBank. He then officiated as the Head of IT, Retail Banking, Banking Operations, and Basic Banking Application Development departments. He was assigned as Executive Vice President in July 2018 at T. VakıfBank T.A.O, and he is continuing as General Manager and managing member of the Board of Directors since May 27, 2019. ÜSTÜNSALİH also serves as a Member of the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş. Abdi Serdar ÜSTÜNSALİH is married with two children. He has also served in many foundations and associations.



Metin Recep ZAFER
(Departments Affiliated to the Executive Vice President of IT Technologies and Operations: R&D, Marketing and Infrastructure Application Development, Basic Banking Software Development, Digital Channels, Business Intelligence and Payment Systems Application Development, System Management, IT System and Application Support, IT Planning and Coordination, Banking Operations Department, Credit, Customer and Account Operations Department, Treasury Operations Department, Foreign Operations Department)

Metin Recep ZAFER was born in 1970 and graduated from Marmara University, Faculty of Economics and Administrative Sciences, Department of Economics. He also completed his postgraduate and Ph.D. degrees at Marmara University. Mr. Zafer began his career in 1992 and served as assistant associate, auditor, and branch manager at various banks. He was appointed Executive Vice President at VakıfBank on June 13, 2006. He is fluent in English.



Muhammet Lütfü ÇELEBİ
(Departments Affiliated to the Executive Vice President of Human Resources and Corporate Development: Human Resources, Corporate Development and Academy)

Mr. Çelebi graduated from Istanbul University, Faculty of Economics and Administrative Sciences, Department of Economics in 1992. He started his career at T. Vakıflar Bankası T.A.O. in 1995 as an Assistant Auditor. After working as an Auditor between 1998 and 2001, he worked as an assistant manager and manager in various branches/departments of the Bank. Between 2011 and 2013, he served as the President of the Retail Banking Department. On 04.10.2013, he was appointed as the Executive Vice President of T. Vakıflar Bankası T.A.O.



Şuayyip İLBİLGİ
(Departments Affiliated to the Executive Vice President of Financial Management, Strategy and Subsidiaries: General Accounting and Financial Operations, Strategy and Planning, Subsidiaries and Affiliates)

Şuayyip İLBİLGİ was born in 1972 in Ceyhan and graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Economics in 1994. He started his career as an Assistant Associate in T. Vakıflar Bankası T.A.O. in 1996. He served as a Manager at the Treasury Department between 2007 and 2010, and then in 2010, he served as the Head of the Treasury Department. He was appointed as the Executive Vice President of VakıfBank on 01.08.2017.



Mikail HİDİR
(Departments Affiliated to the Executive Vice President of Legal and Liquidation: Chief Legal Counsel, Legal Affairs, Credit Risk Liquidation)

Mr. Hidir, born in 1979 in Kepsut/Balıkesir, graduated from Ankara University, Faculty of Law in 2000 and worked as a lawyer for some time. In 2003, he began his career as an assistant auditor at VakıfBank. After working as an Auditor, Mr. Hidir held the positions of Credit Risk Liquidation Manager, Compliance Manager, Head of Loan Monitoring, Legal Proceedings, Head of Internal Audit, and Executive Vice President in Güneş Sigorta. Mr. Hidir was appointed as Executive Vice President on December 13, 2018. He is fluent in English.



Hazım AKYOL
(Departments Affiliated to the Executive Vice President of Loan Allocation Management: Corporate Loans Allocation Management, Commercial Loans Allocation Management 1, Commercial Loans Allocation Management 2, Retail and SME Loans Allocation Management, Specialized Loans Management)

Mr. Akyol, born in Aksaray in 1969, graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Public Administration in 1990. He began his career as Assistant Auditor at VakıfBank in 1993. Following his role as auditor, Mr. Akyol worked chronologically as Assistant Manager of Commercial Loans Department and as Manager of Bursa, Kavaklıdere/Ankara, Kızılay/Ankara, Corporate Marketing Manager of Ankara Regional Head Office and Emek/Ankara Branches, respectively. Following those roles, Mr. Akyol was promoted to Senior Vice President position of Institutional Payroll Department and Ankara Corporate Centre Branch. He has also been a Member of the Board of Directors of various subsidiaries of VakıfBank. On 31.05.2019, he was appointed as the Executive Vice President of VakıfBank.

EXECUTIVE MANAGEMENT



Alaattin ŞİMŞEK
(Departments Affiliated to the Executive Vice President of Corporate, Commercial, SME, and Retail Banking Marketing: Corporate Banking Marketing, Commercial Banking Marketing, SME Banking Marketing, Retail Banking Marketing, Cash Management, Product Development and Foreign Trade Marketing, Corporate Branches)

Mr. Şimşek, born in Araklı/Trabzon in 1972, graduated from Ankara University, Faculty of Political Sciences, Department of Public Administration in 1994. He began his career as Assistant Auditor at VakıfBank in 1995. Following his role as auditor, he worked chronologically as Assistant Manager of Black Sea Regional Directorate, as Manager of Trabzon Branch and as Regional Manager of East Anatolia Regional Directorate. At the Head Office level, Mr. Şimşek served as the Head of Support Services and Loan Monitoring Departments. Prior to his appointment as Executive Vice President at Vakıf Yatırım Menkul Değerler A.Ş. Mr. Şimşek also served as the Regional Manager in different regions including Trakya, third, fifth, and sixth regions of Istanbul, respectively. Mr. Şimşek was appointed as Executive Vice President at VakıfBank on May 31, 2019.



Ferkan MERDAN
(Departments Affiliated to the Executive Vice President of Digital Banking, Customer Experience and Corporate Communication: Digital Banking and Distribution Channels, Corporate Communication, Customer Experience and Management, Payment Systems Services)

Mr. Ferkan MERDAN, born in Kayseri in 1973, graduated from Istanbul University, Faculty of Political Sciences, and Department of Finance in 1996. Mr. Merdan has a masters' degree from the University of Turkish Aeronautical Association, Institute of Social Sciences, and Department of Business Administration. Ferkan MERDAN started his banking career at Ziraat Bank's Banking School in 1996 and then started working as an Assistant Auditor at the Board of Audit of T. Vakıflar Bankası T.A.O. in 1999. He served as Assistant Auditor and then Auditor in the Board of Audit between 1999 and 2006, as Manager at Financial Control Department between 2006 and 2015, and as Chairman in the General Accounting and Financial Affairs Directorate between 2015 and 2019. Mr. Merdan was appointed as Executive Vice President at VakıfBank on May 31, 2019.



Muhammed Onay ÖZKAN
(Departments Affiliated to the Executive Vice President of Treasury Management and International Banking: Treasury Management, International Banking and Investor Relations, Treasury Middle Office)

Mr. Muhammed Onay ÖZKAN, born in Van in 1977, graduated from Ankara University, Faculty of Political Sciences, and Department of Finance in 1999. He started his banking career as Assistant Auditor at T. Vakıflar Bankası T.A.O. in 2000. He worked as Inspector between 2000-2007, Dealingroom Deputy Manager between 2007-2011, Dealingroom Manager between 2011-2012, and Asset and Liability Management Manager between 2012-2017. He served as Senior Vice President position in the Treasury Department of T. Vakıflar Bankası T.A.O. between 2017-2019. Mr. Merdan was appointed as Executive Vice President at VakıfBank on May 31, 2019.



Arif ÇOKÇETİN
(Departments Affiliated to the Executive Vice President of Credit Monitoring, Financial Analysis and Rating: Credit Risk Planning and Monitoring, Financial Appraisal and Rating)

Arif ÇOKÇETİN, who is a graduate of Istanbul University Faculty of Political Sciences, Department of Finance, has worked in the Ministry of Finance for a while and has worked in VakıfBank since 1996 with the titles of Financial Analyst, Manager, and Head. He was appointed as the Executive Vice President on 13.07.2020.



Kadir KARATAŞ
(Departments Affiliated to the Executive Vice President of Support Services: Support Services)

Kadir KARATAŞ graduated from Bolu Abant İzzet Baysal University, Department of Business Administration, and completed his master's degree at Yıldız Technical University. Since 1996, he has been working as a Financial Analyst, Controller, Manager, Regional Manager, and Head in various departments and branches at VAKIFBANK. He was appointed as the Executive Vice President on 13.08.2020.



Mustafa TURAN
(Departments Affiliated to the Executive Vice President of Retail, Deposit Marketing, and Payment Systems: Individual Banking Marketing Department, Deposit Management and Marketing, Payment Systems Banking Marketing Department)

Graduated from Istanbul Technical University, Faculty of Business Administration, Department of Business Engineering, Mustafa TURAN has been working in various departments at VakıfBank since 2003 with the titles of Auditor, Manager, and Head. He was the General Manager of Borrowing at the Ministry of Treasury and Finance from 01.09.2019 to 20.12.2021. He was appointed as the Executive Vice President on 14.07.2021.

INTERNAL CONTROL SYSTEMS EXECUTIVES

Mustafa EMRE
Head of the Audit Board

Mustafa Emre graduated from Hacettepe University, Department of Mathematics, and started his banking career as Assistant Auditor at the Audit Board in 2003. After that, he was appointed as an Audit in 2006 and Deputy Chairman of the Board of Auditing 2013. He has been working as the Chairman of the Board of Audit since 31.07.2017.

Özhan BİLGİN
Head of Risk Management

Özhan Bilgin graduated from Gazi University, Faculty of Engineering and Architecture, Department of Industrial Engineering and started his career in VakıfBank in 2005. After working in the Risk Management Department for 10 years, he continued his career as an Assistant Manager in 2015 and Manager in 2016 in the newly established Market Risk Management Department. Since 2019, he has been the Head of Risk Management at VakıfBank. He took part in the working groups established within the Turkish Banks Association during the transition of the Turkish banking sector to Basel-II in 2012 and in the Regulatory Consistency Assessment Program (the “RCAP”) efforts, which resulted in full compliance with the regulations, of the Basel Committee in 2016. He completed his Master’s degree in Finance from Işık University in 2021. He holds Derivative Instruments, Capital Market Activities Level 3, Corporate Governance Rating, and Credit Rating Certificates issued by the CMB. He is married with one child.

Ali ÇALIŞ
Head of Internal Control

Ali ÇALIŞ, who graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Finance, started his banking career as an Assistant Auditor at the Board of Auditors Department in 1996. He worked as an Auditor in 1999, and from 2005, he has been working as a Manager at various Branches. He served as a Vice President at Board of Auditors Department in 2010 and was subsequently appointed as Head of Support Services Department in 2011 and Head of Cash Management Marketing Department in 2018. He has been serving as Head of Internal Audit Legislation Department since June 24, 2019.

Ramazan SIRYOL
Head of Compliance and Regulation Department

Mustafa Emre graduated from Istanbul University, Faculty of Economics, Department of Finance and started his banking career as Assistant Auditor at the Audit Board in 1993. Since 1999, he has been working as a Director in various branches. He was appointed as the Head of Internal Control Department in 2008 and held this position until 2017. He later worked as the Head of Administrative Affairs and Regional Director. As of 18.01.2021, he continues his position as the Head of Compliance and Legislation. He has also been appointed as the Bank’s Financial Group Compliance officer.

FINANCIAL RIGHTS

The Chairman, Deputy Chairman and Members of the Board of Directors receive an annual salary that is determined by the General Assembly annually. Within this scope, the gross amount (including remuneration, travel allowance, accommodation, representation expenses, other real and material rights) paid to the members of the Board of Directors, members of the Audit Board and senior executives is TL 43.3 million in 2021. We state this matter in Article 8 of the 67th Ordinary General Assembly Meeting and publish the minutes of the General Assembly on our website. However, considering the banking sector practice, we do not disclose the

remuneration wages and all the benefits provided to the members of the Board of Directors and executives with administrative responsibilities on an individual basis. We determine fixed and performance-based payments to senior management and other employees in line with the principles set out in our Bank’s Remuneration Policy, and publish the relevant document in Turkish and English on our corporate website.

On the other hand, the loans to be extended to the members of our Board of Directors and our executives by our Bank are limited in accordance with Article 50 of the Banking Law. In this

context, our Bank did not lend money or extend loan to any member of the Board of Directors. The conditions of any member of the Board of Directors have not been improved, loan has not been extended through a third party and no collateral has been given by the Bank.

In addition, in accordance with Articles 395 and 396 of the Turkish Commercial Law, members of the Board of Directors are permitted at the general assembly. There is no activity that took place within the scope of the permission granted in 2021.

COMMITTEE STRUCTURES AND POLICIES

OUR EXECUTIVE COMMITTEES OPERATE FOR THE PURPOSE OF POLICY FORMULATION, DETERMINING STRATEGY, MONITORING COMPLIANCE WITH ACTION PLANS, AND PERFORMANCE EVALUATION.

As an important indicator of the governance structure, we designed our senior management structure in compliance with the Corporate Governance Principles. Our Board of Directors, which is the highest managing body that directs our strategies and policies, consists of nine members in total, including the Chairman, Deputy Chairman, General Manager, and six members, and three of them are independent members in accordance with the Corporate Governance Principles. Our Board of Directors consists of nonexecutive members, except General Manager and the duties of the General Manager and the Chairman of the Board of Directors are carried out by different people.

The committees that we have formed to carry out active operations for all corporate governance activities, continue their duties within the framework of the working principles specified in the Bank’s Articles of Incorporation. Our management committees which operate for the purpose of policy formulation, determination of strategy, monitoring compliance with action plans, and performance evaluation;

- Board of Directors
- Credit Committee
- Audit Committee
- Corporate Governance Committee
- Remuneration Committee
- Asset & Liability Management Committee
- Ethical Principles and Ethics Commission
- Sustainability Committee

You can reach detailed information about our Committees on our corporate website: [Committees \(vakifbank.com.tr\)](https://www.vakifbank.com.tr/committees)

In addition to the above-mentioned committees, for the purposes of efforts aiming at the vision, mission of our Bank in accordance with the corporate governance approach and taking healthy and quick decisions, our Bank has Information Systems Strategy and Steering Committee, Demand Prioritization and Steering Subcommittee, Information Security Committee, Information Systems Continuity Committee, Emergency and Contingency Committees,

Savings Committee, Capital Committee, New Product Development Committee, Market Risk Management Committee, Credit Risk Management Committee, Treasury Foreign Exchange Position and Stop Loss Limits Management Committee, Digital Transformation Committee, Suggestion Evaluation Committee, R&D Management Committee, R&D Executive Committee, Operational Risk Management Committee, Banking Improvement and Development Committee, Expense Management Evaluation Committees, TFRS 9 Senior Steering Committee, TFRS 9 Committee, Customer Demand Evaluation Committee, Crisis Communication Committee, Foreign Fraud Risk Committee, and in 2021, the Data Governance Committee and Information Sharing Committee as well as, in order to carry out our Bank’s sustainability activities effectively and efficiently in such a way as to add value to our corporate identity and to increase our Bank’s rating in international sustainability indices by representing it at the highest level in the field of sustainability, Sustainability Committees were established.

Our policy documents created within the framework of corporate governance;

Disclosure Policy	Ethical Principles Policy	Profit Distribution Policy	Anti-Bribery and Corruption Policy	Anti-Money Laundering Policy	Donation and Aid Policy
Human Rights and Employee Rights Policy	Occupational Health and Safety Policy	Remuneration Policy	Indemnity Policy	Privacy Policy	Cookies Policy
Environmental Policy	Sustainability Policy	Customer Satisfaction Policy	Supplier Selection and Compliance Policy	Equal Opportunity Policy	

COMMITTEES

CREDIT COMMITTEE

VakıfBank Credit Committee is comprised of two permanent members and two alternate members, in addition to the General Manager. Şahin Uğur and Serdar Tunçbilek are the Permanent Members. Dr. Adnan Ertem and Dilek Yüksel are the substitute members.

- The functions of the Credit Committee are as follows:
- Performing the tasks stipulated in the Banking Law in accordance with the principles set forth by the Board of Directors,
 - Soliciting the written recommendation of the Head Office in lending decisions, and providing financial analysis and intelligence reports about those applying for loans with respect to recommendations for loans in which account status documentation is mandatory,
 - Providing any type of information that may be requested by any of the members of the Board of Directors about the Committee’s activities and cooperating in the performance of any checks and controls since the Committee’s activities are overseen by the Board of Directors.

AUDIT COMMITTEE

Dilek Yüksel and Serdar Tunçbilek were elected to the Audit Committee that was established in order to assist VakıfBank’s Board of Directors in carrying out its auditing and oversight responsibilities.

- The Audit Committee has assumed the following duties and functions:
- Overseeing the effectiveness and adequacy of the internal control systems of the Bank; functioning of these systems as well as the accounting and reporting systems in accordance with applicable laws and regulations; and maintaining the integrity of the information generated by these systems on behalf of the Board of Directors;
 - Performing the preliminary assessments required for the selection of the independent audit companies by the Board of Directors;
 - Monitoring the activities of the independent audit companies selected by the Board of Directors on a regular basis;
 - Ensuring the consolidated functioning and coordination of the internal audit functions of the institutions subject to consolidated audit;
 - Receiving regular reports from the departments in charge of internal audit, internal control, and risk management systems, and from independent audit companies on the functioning of their roles.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee of VakıfBank is composed of the Board Members Abdülkadir Aksu, Dilek Yüksel, Sadık Yakut, Ali Tahan, the Head of International Banking and Investor Relations, and Korhan Turgut, the Head of General Accounting and Financial Affairs. The Corporate Governance Committee is responsible for overseeing the Bank’s compliance with the Corporate Governance Principles.

- The Corporate Governance Committee is in charge of performing the following tasks:
- Overseeing the degree of compliance with the Corporate Governance Principles within the Bank and determining the reasons in case of non-compliance as well as determining the negative impacts resulting from incomplete adherence to these principles and recommending corrective actions to be taken in respect thereof,
 - Formulating methods that will provide transparency in the identification of the candidates for the Board of Directors to be recommended to the Board of Directors,
 - Undertaking research and developing recommendations about the number of executives in senior management positions,
 - Formulating recommendations and monitoring the implementations related to the principles and practices for performance evaluation and compensation of the members of the Board of Directors and the executives,
 - Providing recommendations to the Board of Directors pertaining to the persons to be appointed to the Bank’s senior management positions consisting of Executive Vice Presidents and equivalents,
 - Investigating the independence of the members of the Board of Directors and uncovering any conflicts of interest,
 - Providing assessments and recommendations pertaining to the structure and operating principles of the committees reporting to the Board of Directors.

REMUNERATION COMMITTEE

VakıfBank’s Remuneration Committee was established upon the Board decision numbered 82893 dated January 26, 2012, pursuant to Principle 6 of the Corporate Governance Principles as amended by the “Regulation Amending the Regulation on Corporate Governance Principles of Banks” promulgated in the Official Gazette numbered 27959 dated June 9, 2011. Mustafa Saydam and Dr. Adnan Ertem are the Members of the Committee.

- The Remuneration Committee:
- Evaluates remuneration policies and practices in the context of risk management, and report its recommendations to the Board of Directors annually.
 - This Committee develops its recommendations regarding remuneration of the members of the Board of Directors and senior executives by taking the Bank’s long-term objectives into consideration. Moreover, it establishes remuneration criteria to be used in relation to the respective performance of both the Bank and members of Board of Directors; and recommends the Board on remuneration to be paid to members and senior executives in the light of the extent to which such criteria are met.

ASSET & LIABILITY MANAGEMENT COMMITTEE

The Asset & Liability Management Committee convenes on a weekly basis to evaluate economic and market developments and to discuss the possible impacts of these developments on the Bank’s balance sheet. In this context, actions are taken to preserve the quality of the asset and steer the development of the balance sheet in line with the growth strategies planned by the Bank in a way of managing the funding cost and structural risks on foreign exchange, interest rate, liquidity and credit risks at the optimal level within the thresholds set by applicable law. In order to maintain effective liquidity and funding management, the Committee monitors borrowings and credit extensions that bring short-term cash inflows and outflows and evaluates measures and actions that will inform on liquidity/fund-raising and extensions in accordance with the Bank’s primary objectives and strategies.

The Committee is also in charge of evaluating alignment of the tasks performed by respective departments with the growth strategies embraced by the Bank; monitoring and analyzing profitability and net interest income; and taking actions to update policies, procedures, regulations and other documents. In addition, the Committee regularly reviews the efforts and practices related to the decisions taken in previous meetings.

Moreover, it reviews legal authorities’ decisions with an actual or probable effect on the Bank’ operations; and by tracking those novelties introduced by evolving technologies, it defines agenda items to decide on so that the Bank takes proactive actions. When necessary, the Committee meets on short notice and evaluates extraordinary liquidity and funding issues and/or the events occurring in the markets and enables measures to be taken promptly.

Chaired by the General Manager, the Committee is composed of Executive Vice Presidents, Head of Strategy and Planning, Head of Risk Management, and the Manager of Economic Research Department.

ETHICAL PRINCIPLES AND ETHICS COMMISSION

- Duties and authorities of the Commission are indicated below.
- Determination of ethical behavior criteria, regulation of procedures and principles related to the establishment, adoption, and development of an ethical culture in the Bank
 - Determination the framework of ethical behavior principles
 - Carrying out operations to establish an ethical culture in the Bank and supporting operations to be carried out on this topic
 - Evaluation of applications to be made officially or in-person for an allegation of invasion of the ethical behavior principles to the Ethics Notification Line.
 - The Commission is composed of Executive Vice President who is responsible from the Department of Human Resources, Head of Audit Board, Head of Internal Audit, Chief Legal Advisor, Head of Human Resources, Head of Corporate Development and Academy, Head of Strategy and Planning, Head of Compliance and Regulation.

Commission convenes at least every three months.

SUSTAINABILITY COMMITTEE

VakıfBank Sustainability Committee was established by the decision of the Board of Directors dated 30.12.2021 in accordance with the Operating Procedures and Principles of Internal Committees of VakıfBank. Under the chairmanship of the General Manager, it is composed of one independent Board Member elected by the Board of Directors, Executive Vice President of Financial Management and Strategy, Executive

Vice President of Corporate, Commercial, and SME Banking Marketing, Executive Vice President of Support Services and Risk Planning, Executive Vice President of Digital Banking, Executive Vice President of Customer Experience and Corporate Communications, Executive Vice President of Treasury Management and International Banking and Investor Relations, Executive Vice President responsible for Credit Allocation Management, Executive Vice President of Human Resources and Corporate Development, Executive Vice President of Retail Banking and Payment Systems, Head of International Banking and Investor Relations, Head of Strategy and Planning, Head of Risk Management, Head of Support Services and Head of Corporate Loans Allocation Management. The Sustainability Committee determines the Bank’s sustainability strategy and policy and ensures that the necessary actions are taken in this regard. It is the highest-level decision-making body of the bank in terms of sustainability.

- The Corporate Governance Committee is in charge of performing the following tasks:
- Creating the Bank’s sustainability strategy and policies,
 - Determining the sustainability targets of the Bank, creating action plans prepared in accordance with the established targets and ensuring the coordination of the activities carried out,
 - Ensuring the follow-up of sustainability studies and ensuring the strengthening of the sustainability performance of the Bank,
 - Ensuring the integration of sustainability into all business units and processes,
 - Deciding the important issues discussed at the Sustainability Subcommittee and communicated to the Committee,
 - Providing suggestions on making the necessary organizational changes in order to carry out the Bank’s sustainability activities effectively and efficiently,
 - Reviewing the Bank’s sustainability reports, ensuring their preparation, and submitting them to the approval of the Board of Directors,
 - Ensuring that the risks and opportunities arising from climate change, especially carbon and water, are identified, prioritized, and managed,
 - Following the national and international legislation related to the environmental and social risks that are important in the Bank’s lending process,
 - Providing suggestions on business associations that the Bank can become a member of and support in the field of sustainability.

Meeting Time and Frequency:

The Committee convenes under the Chairmanship of the General Manager. If the President is unable to attend the meeting, the Executive Vice President in charge of Treasury Management and International Banking chairs the meeting and meets when the secretariat deems it necessary, at least twice a year.

NUMBER OF MEETINGS AND DECISIONS OF THE COMMITTEES

Board of Directors

The Board of Directors convened 63 times and adopted 1,100 resolutions in 2021.

Credit Committee

The Committee convened 40 times and adopted 380 resolutions in 2021.

Corporate Governance Committee

The Committee convened 4 times and adopted 4 resolutions in 2021.

Remuneration Committee

The Committee convened 3 times and adopted 3 resolutions in 2021.

Audit Committee

The Committee convened 20 times and adopted 74 resolutions in 2021.

Asset & Liability Management Committee

The Committee convened 49 times in 2021.

Ethical Principles and Ethics Commission

The Committee convened 1 time in 2021.

OUTSOURCED SUPPORT SERVICES

VakıfBank procures support services from various companies in order to increase service quality and maximize customer satisfaction, pursuant to the Banking Law numbered 5411 and Communiqué on Bylaw Regarding Procurement of Support Services by the Banks dated 05.11.2011 and numbered 28106.

Services procured from the following enterprises in the fields of private security and cash transportation under Law numbered 5188 on Procurement of Private Security Services, information systems, various campaigns, merchant authentication, call center services within the scope of improving our Bank's registries, retail marketing, and data logging activities, valuable paper printing, human resources, and mortgage transactions, provided that management, access, control, audit and update thereof are at discretion of our Bank.

Private Security and Cash Transportation Services Procured from Companies under Law Numbered 5188 on Private Security Services:

- Loomis Güvenlik Hizmetleri A.Ş.
- Desmer Güvenlik Hizmetleri A.Ş.
- Bakkaloğlu Özel Güvenlik Ltd. Şti.
- PYS Güvenlik A.Ş.

IT Systems and Software Services:

- Bilişim Bilgisayar Hizmetleri Ltd. Şti.
- Diebold Nixdorf Teknoloji A.Ş.
- Experian Bilgi Hizmetleri Ltd. Şti.
- ICS Financial Systems Ltd.
- Infina Yazılım A.Ş.
- Innova Bilişim Çözümleri A.Ş.
- Key Internet Hizmetleri Bilgisayar Yazılım Don. Mühendislik Müş. San. ve Tic. Ltd. Şti.
- Kobil Bilgisayar Enerji ve Elektrik Sistemleri San Tic. Ltd. Şti.
- Kredi Kayıt Bürosu A.Ş.
- Mapa Global Bilgisayar Yazılım Danışmanlık Sanayi Ltd. Şti.
- Pronet Güvenlik Hizmetleri A.Ş.
- Riskaktif Danışmanlık Eğitim Yazılım San Tic. Ltd. Şti.
- Suntec Business Solutions FZE
- Troy TRM Enformasyon ve Yazılım Ltd. Şti.
- Veripark Yazılım A.Ş.
- Verifone Elektronik ve Danışmanlık Ltd. Şti.
- 6Kare Bilgi Teknolojileri A.Ş.

Call Center Services:

- CMC İletişim Bilgisayar Reklam ve Dan. Hiz. San. ve Tic. A.Ş.
- Assisst Rehberlik ve Müşteri Hizmetleri A.Ş.
- Global Bilgi Pazarlama Danışma ve Çağrı Merkezi Hizmetleri A.Ş.
- Metis Bilgisayar Sistemleri San. ve Tic. A.Ş.

Retail Marketing and Data Entry Services:

- - Posta ve Telgraf Teşkilatı Genel Müdürlüğü (Turkish Post)
- Mastercard Europe SA
- 18 car dealers
- 8 Educational Institutions

Printing of Negotiable Instruments:

- MTM Holografi Güvenlikli Basım ve Bilişim Teknolojileri San. ve Tic. A.Ş.

Outsourcing:

- Vakıf Pazarlama Sanayi ve Ticaret A.Ş.
- OBSS Bilişim Bilgisayar Hiz. Dan. San. ve Tic. Ltd. Şti.

Credit Card Distribution Services:

- Kurye Net Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş.

Printing of Deposit and Credit Card Account Statements

- Postkom Basım Posta ve İletişim Hizmetleri A.Ş.

Physical Archive Services;

- Reisswolf Doküman Yönetimi Hizmetleri A.Ş.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

SECTION I- DECLARATION OF CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE

Türkiye Vakıflar Bankası T.A.O. ("VakıfBank" or "Bank") is bound by the Corporate Governance Principles established by the Banking Legislation, the Capital Market Legislation, and the Turkish Commercial Code and relevant regulations and pays maximum attention to the implementation of these principles. VakıfBank embraces the principles of equality, transparency, accountability, righteousness, clarity, and responsibility as stipulated in the Corporate Governance Principles ("Principles") published by the Capital Markets Board ("CMB").

The Bank carried out its activities in the field of Corporate Governance in accordance with Corporate Governance Principles included in the Annex of the Corporate Governance Communiqué No II-17.1 published in the Official Gazette dated 3 January 2014 and numbered 28871 and the CMB's regulations on the issue in 2021. The Bank is in full compliance with the following principles that must be implemented by banks (1.3.1.), (1.3.5.), (1.3.6.), (1.3.9.), (4.2.6.), (4.3.1.), (4.3.2.), (4.3.3.), (4.3.4.), (4.3.5.), (4.3.6.), (4.3.7.), (4.3.8.), (4.5.1.), (4.5.2.), (4.5.3.), (4.5.4.), (4.5.9.), (4.5.10.), (4.5.11.), (4.5. 12.), (4.5.13.), (4.6.2.) and (4.6.3.).

Although it is aimed to fully comply with the non-compulsory Corporate Governance Principles, the main principles that have not yet been complied with are stated below and detailed information on the subject is included in the relevant sections. Until today, there has not been any conflict of interest between the stakeholders arising from non-compliance with the principles. Necessary studies are being carried out to comply with non-mandatory principles.

- Regarding principle no. 4.2.8, the damage caused by the Board members as a result of their failures during their term of office has not been covered by insurance for 2021, and works are underway for Executive Liability Insurance in 2022.
- Regarding principle 4.3.9, a target rate and target time for the female member has not yet been determined in the VakıfBank Board of Directors, and among the 9 members of the Board of Directors elected at the 67th Ordinary General Assembly held on March 26, 2021, there is 1 female member. As regards the last 6 terms of office of the Board of Directors, there are female Board members.
- Regarding principle no. 4.4.7, no restrictions have been imposed on the appointment of board members to any other place other than the Bank. The members of the Board of Directors of the Bank have been given permission on matters falling within the scope of articles 395 and 396 of the Turkish Commercial Code, and this issue was submitted to the information and approval of the shareholders with a separate agenda item at the 67th Ordinary General Assembly held in 2021.
- Regarding the principle 4.5.5, the members of the committee are elected in accordance with the principles specified by the Capital Markets Board Corporate Governance Principles and the Banking Regulation and Supervision Agency; and some Board members serve on more than one committee. These members aim to increase coordination between committees.
- Regarding principle 4.6.1, no special evaluation has been carried out at the board level for performance evaluation. However, it is planned to work on evaluating the performances of the members of the Board of Directors in the coming years.
- Regarding principle 4.6.5, in parallel with the general practices in the sector, wages are not shared on an individual basis and the total payments made to the members of the board of directors are shared in the Ordinary General Assembly and the Integrated Activity Report.

The Corporate Governance Committee, which is responsible for investigating to what extent the corporate governance principles are applied in the Bank, determining the reasons for not being implemented, determining the negativities that develop as a result of not being fully implemented, and recommending the taking of remedial measures within the framework of the Regulation on Corporate Governance Principles of Banks published by the Banking Regulation and Supervision Agency and the Corporate Governance Communiqué published by the Capital Markets Board, convened 4 times in 2021 with the participation of all members. The Board of Directors deemed the work carried out by the Corporate Governance Committee in 2021 effective, appropriate, sufficient, and in compliance with the legislation.

SECTION II- SHAREHOLDERS

2.1 Investor Relations Department

The duties of the Investor Relations Department are fulfilled by Ali Tahan, Head of International Banking and Investor Relations, and Zeynep Nihan Dincel, Investor Relations Manager, under the management of Executive Vice President Muhammed Onay ÖZKAN.

Conducting relations with foreign and institutional investors, rating institutions and shareholders, the Investor Relations Department informs and reports to the Board of Directors regarding all activities carried out and submits presentations periodically.

TRANSACTIONS WITH THE BANK'S RISK GROUP

The details of the transactions with the Bank's risk group in 2021 and explanations thereon are presented in the annual report in the footnote numbered VII to Section 5 of the Independent Auditor's Report on Unconsolidated Financial Statements.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Investor Relations Department

Investor Relations E-mail Address:
investorrelations@vakifbank.com.tr

Head of Department: Ali TAHAN*
Tel: (0216) 724 26 61
E-mail: ali.tahan@vakifbank.com.tr
Licenses: Capital Market Transactions Level 3 License, License on Derivatives, Corporate Governance Grading Licenses
* He acts as a member of the Corporate Governance Committee in accordance with Article 11 and paragraph 2 of the Corporate Governance Communiqué

Manager of Department: Zeynep Nihan DİNCEL
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Main duties and responsibilities of the Investor Relations Department are as follows;

- Managing relations with existing and potential foreign investors, local institutional investors and rating agencies,
- Maintaining the relations with brokerage companies’ analysts who prepare reports regarding the Bank,
- Attending meetings organized in Turkey and abroad on behalf of VakıfBank,
- Preparing quarterly presentations regarding results of the financial statements and making teleconferences,
- Preparing corporate presentations and similar types of meeting tools that publicize the Bank by arranging various target-driven publicity and informative meetings,
- Keeping the “Investor Relations” page up-to-date that includes Turkish and English content on the Bank’s website,
- Working in coordination with the relevant Head Office departments in preparing and updating the Corporate Governance Principles Compliance Report,
- Contributing to the preparation of the Bank’s annual and interim activity reports,
- Working in coordination with the relevant Head Office units during the preparation of the Bank’s Sustainability Principles Compliance Framework,
- Responding to the written and verbal information requests of the shareholders regarding the partnership, excluding the information that is confidential and trade secret and has not yet been disclosed to the public,
- Ensuring that the records regarding the shareholders are kept up to date and stored securely,
- Ensuring that all the Bank’s information and environmental, social and governance policies are up-to-date,
- Announcement of material event disclosures required to be made within the scope of the capital market legislation and the relevant legislation that the Bank is obliged to comply with, through the Public Disclosure Platform,
- Carrying out all sustainability activities within the framework of the Bank’s sustainability strategy, priority areas, and objectives and ensuring the strengthening of the Bank’s sustainability performance,

- Carrying out joint studies with departments on sustainability-related studies,
- Ensuring the necessary coordination for the establishment and continuity of the Quality and Environment management system defined by the Corporate Governance Committee within the Bank.

In 2021, Investor Relations Department:

- Information requests submitted by the shareholders were answered.
- 8 local and foreign investor conferences and webinars, and online meetings were held with over 200 local and foreign institutional investors.
- Since all meetings, pieces of training, and conferences to be held in-bank and face-to-face were canceled as of March 2020 within the scope of the measures taken for the Covid 19 pandemic, more than 170 meetings were held, most of them via teleconference and videoconferencing. Meetings were held with over 300 investors/analysts. Following the investor information conferences attended, reports were prepared in line with the information received from the investors and presented to the senior management.
- Four teleconferences were organized on the results of the financial statements and their records were published on the English website.
- Annual regular evaluation meetings were held with rating agencies (Moody’s, Fitch, and JCR).
- Close contact was established with all analysts who prepared reports about the bank, accurate and reliable information was provided to the analysts during the preparation of the reports, and feedback was given to the analysts regarding the reports they prepared.

- Continuous communication with fixed-income securities investors continued. Documentation studies of the Medium-Term Bond Issuance Program (GMTN) have been carried out. Also, as the bank with the most sustainability-themed resources in its funding structure, following the Bank’s first sustainable syndication loan of USD1.1 billion received in April 2021, the second syndication loan was also renewed based on sustainable performance criteria in December. In September 2021, the necessary coordination was achieved with the relevant departments for the second bond issue of our Bank amounting to USD 500 million within the framework of the sustainable financing program.
- VakıfBank was awarded the “Financial Institution Deal of the Year” in Bonds & Loans Turkey, one of the most prestigious and respected awards of the financial sector, with the Sustainable Eurobond Issuance it carried out in December 2020.
- Despite the challenging market conditions caused by the Covid-19 pandemic, which has affected the whole world, a total of USD 5.4 billion new resources have been received from international markets in 2021 under the Department to which the Investor Relations Department is affiliated.
- The Sustainability Committee, which is the highest authority responsible for determining the Bank’s sustainability strategy and policy and taking actions in this respect, and the Sustainability Subcommittee, which is responsible for putting the Bank’s sustainability strategy into practice and implementing the decisions taken by the Committee, have been established under this committee. It was decided that the Sustainability Subcommittee could create sub-working groups responsible for different areas of expertise and functions if necessary.
- A gender equality survey was conducted in 2020 to hear all our employees’ views and expectations, including senior management, on gender equality, which is among the Sustainable Development Goals and has an important place in the agenda of the world, and to identify areas that need improvement. In accordance with this survey, our Bank launched the Gender Equality Program with the support of the consultant company, and the necessary coordination was made with the relevant departments to develop gender equality practices within the Bank and raise awareness at all organizational levels.

- The secretariat operations of the Sustainability Working Group have been carried out.
- Partnerships have been carried out with other relevant head office units of the Bank for the development of sustainable banking practices.
- Reports raising awareness within the Bank about the possible effects of sustainability on the banking sector have been prepared.
- Relations with national/international organizations and initiatives have been carried out within the scope of the Bank’s environmental, social, and governance activities.
- As part of the Bank’s sustainability efforts, the work has been initiated to become a signatory to the Principles for Responsible Banking implemented by the United Nations Environment Programme Finance Initiative (UNEP FI).
- Relations have been carried out uninterruptedly for its continuity in BIST Sustainability Index and FTSE4Good Emerging Markets Index, where the Bank is listed.
- The Progress Reports in relation to the Global Compact, the largest sustainability initiative on a global scale, and the United Nations Women’s Empowerment Principles (UN WEPS) have been prepared.
- The Bank was selected for the third time this year in the Bloomberg Gender-Equality Index (Bloomberg GEI), which conducts the largest gender equality research on a global scale, and maintained its continuity in the index in 2022.
- After a dedicated study in the evaluation methodology of Sustainalytics, one of the leading independent global firms in providing sustainable banking, environmental, social, corporate governance research and rating services to investors, the Bank’s ESG risk rating has been improved from 23.1 (medium risk) to 19.8 (low risk). With this score, the Bank has shown its success as one of the banks with the lowest risk score.
- The S&P Global CSA survey has been responded to.
- In order to keep the Bank’s environmental, social, and governance policies up-to-date, the necessary coordination has been established with the relevant departments.
- VakıfBank succeeded in lowering its carbon emission from the level of 53,413 tCO₂e to the level of 40.429 tCO₂e in 2020 by performing sensitive energy and emission management within the scope of the works carried out

jointly with the units within the scope of its sustainability efforts. In return for this amount, which was confirmed by ISO 14064-1 certification, VakıfBank has become a Carbon-Negative organization for two consecutive years by receiving “45,000 Verified Carbon Units” produced from clean energy sources.

- The continuity of the ISO: 9001-2015 Quality Management System, which was established in 2017 to cover all the Bank’s activities, was ensured, and full coverage was started within the scope of ISO: 14001-2015 Environmental Management System in 2020 and it has been continued in this year as well.
- We fulfilled all of our obligations related to the OHS process in 2021. In the new period, we began with the Covid-19 pandemic; we maintained the certification studies and obtained the ISO 45001 Occupational Health and Safety Management System certificate for all our Turkey locations due to the audits conducted by TÜV SÜD, an internationally accredited organization. We succeeded in becoming the first bank to establish the Integrated Management System (ISO 9001-ISO 14001-ISO 45001) in Turkey.

2.2 Exercise of Shareholders’ Right to Information
Questions directed to the Investor Relations Department, except for confidential and trade secret information, are answered either by telephone or in writing by contacting the most authorized person.

The questions addressed to the Investor Relations Department are answered, except the ones that interfere with confidential business information, by contacting with the most authorized person. Information and developments that interest the shareholders such as stock transactions, capital increases, dividend transactions, General Assembly meetings, financial statements, and disclosure of material matters, are regularly communicated with the related parties via websites, newspaper ads, mails, or phone calls. Mentioned developments and information are shared with the investors located abroad via e-mail. Moreover, information requests made within the activity period by the domestic shareholders about the status of their stocks, conversion transactions of the existing shares and stock sharing transactions upon death are responded in writing.

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Information and explanations concerning the shareholders are published on the corporate website in Turkish and English.

Turkish investor relations link:
http://www.vakifbank.com.tr/Yatirimci_Iliskileri.aspx?pageID=657

English investor relations link:
<http://www.vakifbank.com.tr/investor-relations.aspx?pageID=625>

These websites include; corporate information, Bank’s Articles of Incorporation and the Law on VakıfBank, General Assembly information documents, profit distribution chart, General Assembly Internal directive, attendance lists, brief minutes, periodic financial statements and integrated reports, credit rating scores given by credit rating agencies, Corporate Governance reports, sustainability information, stock data, press releases and announcements about the developments in the Bank. These websites also include the disclosure of material matters on publicly announced developments in relation to VakıfBank via Public Disclosure Platform.

VakıfBank implements the provisions of the Turkish Commercial Code in relation to appointment of a private auditor, this issue has not been provided for in a separate article in the Articles of Incorporation. There was no request for appointment of a special auditor during the year of 2021. VakıfBank is subject to audit periodically within the scope of especially Banking Law and related legislations

2.3 General Assembly Meetings

In 2021, the Ordinary General Assembly Meeting was held at the Bank’s Head Office. The 67th Ordinary General Assembly Meeting was held on March 26, 2021, and the participation level was 85.49%.

“Regulation on The General Assemblies of The Joint Stock Companies That Will Be Made in Electronic Environment” and “Communiqué on The General Assembly System That Will Be Used in The General Assemblies of The Joint Stock Companies.” In this context, stakeholders had the opportunity to participate in the General Assembly meeting electronically, made suggestions, expressed their opinions, and had the opportunity to vote.

In order to inform the shareholders prior to General Assembly Meetings, the call for General Assembly, the agenda, the sample of the proxy letter, and other attached documents were publicly announced in conformity with the relevant legislation via the Public Disclosure Platform, Turkish Trade Registry Gazette, Electronic General Assembly System and at least on two newspapers (published nationwide) selected by the Board of Directors and the said documents were published in Turkish and English. A minimum of 21 days prior (meeting and call dates excluded), a call for a General Assembly is made in the Central Registry Agency system for the e-General Assembly service that enables participating, making proposals and statements, and voting at the Bank’s General Assembly Meeting on electronic platform. Moreover, these documents are sent to the shareholders whose up-to-date addresses are listed on the Bank’s records.

The 2020 annual report issued for the General Assembly, including the Bank’s balance sheet and profit/loss statements for the 2020 accounting period, the Board of Director’s annual report, auditor’s report, and independent external audit company report, was made available before the General Assembly meeting within the timelines set out in the related regulation for the Bank shareholders’ information and review via VakıfBank corporate website, Central Registry Agency system, Electronic General Assembly System, Head Office, and all branches of the Bank. Furthermore, in case shareholders request, Bank’s branch staff will be providing them with the copies of the call for General Assembly, agenda and power of attorney samples. Shareholders, entitled to attend the General Assembly, who completed the necessary procedures did attend the Ordinary General Assembly Meeting held in 2021.

- In the announcement and invitation letters published before the General Assembly;
- Date, time and location of the meeting,
 - Agenda of the meeting,
 - The body inviting shareholders to the meeting (e.g. Bank’s Board of Directors
 - The locations where the integrated annual report, balance sheet, and profit/loss account statements are available for review by shareholders in case of ordinary meeting announcements (Head Office, branches, Central Registry Agency system, Electronic General Assembly System, and corporate website)
 - Sample power of attorney for shareholders who will not attend the meeting in person

The issued Integrated Annual Report includes information such as; information regarding the activities of the Bank, information regarding the top management, the Bank’s balance sheets, balance sheet footnotes, independent audit report, audit board report, Board of Directors’ proposal for profit distribution, Corporate Governance Principles Compliance Report, rates of the rating institutions, etc. Upon request, the Investor Relations Department provides shareholders with a copy of the Integrated Annual Report before or after the General Assembly meeting.

No media members participated in the 67th Ordinary General Assembly of the Bank.

At the Bank’s General Meetings, all shareholders have the right to take floor, express opinions, and ask questions on issues related to the agenda, regardless of their share rates. At the Ordinary General Assembly meeting held in 2021, there were no items requested to be put on the agenda by the shareholders.

Within the scope of Corporate Governance Principle No 1.3.5, all questions asked during the General Assembly meetings and the answers given to these questions are made available on the Bank’s website within 30 days following the General Assembly. In the wishes and closing section, which is the 15th agenda item of the Ordinary General Assembly Meeting held on March 26, 2021, the shareholders were given the right to ask questions and speak regarding all agenda items, and the stakeholders conveyed their opinions and suggestions. During the meeting, there were not any raised a question which was supposed to be verbally or in writing.

The questions asked by the shareholders who attend the Ordinary General Assembly Meeting both physically and electronically, the wishes and thoughts they declare, and the answers given by the Meeting Chairman and the Presidency regarding these issues are included in detail in the minutes of the General Assembly. Following the General Assembly, minutes and the annexes of the General Assembly meeting are announced to the public and the shareholders via Public Disclosure Platform, Turkish Trade Registry Gazette, e-Company Information Portal, and Electronic General Assembly System, and furthermore on the Bank’s website.

The amount of aid and donation made by the Bank within the period was declared at the General Assembly Meeting. Summary of the General Assembly Meeting includes information about this issue.

In 2021, there was no matter left to the General Assembly for resolution due to the majority of the independent Members of the Board of Directors not casting an affirmative vote.

Shareholders (who control the management of the Company), Board of Directors members, managers who have administrative responsibilities, and their spouses and blood relatives and relatives by marriage up to second-degree did not make any important transaction with the Bank or its associate companies which may lead to conflicts of interest. Furthermore, the aforementioned individuals did not make any transaction, related to a commercial business that is within the scope of the Bank’s or its associate companies’ field of activity, for their own account or for the account of others, or did not become unlimited partners in other companies carrying out similar commercial businesses.

2.4 Voting and Minority Rights

The provisions regarding voting rights of the shareholders and the use of these rights are stipulated in Article 17 of VakıfBank’s Articles of Incorporation. As per the Article 19 of the VakıfBank Articles of Incorporation, shareholders (A), (B) and (C) have the privilege to nominate in the election of the Board of Directors.

VakıfBank’s shares are divided into (A), (B), (C) and (D) groups. Nominal values and voting rights of the share certificates in all classes are equal. Group (D) consists of publicly traded shares.

Shareholders use their voting rights in the General Assembly in proportion to the total nominal value of their shares. Every ten shareholder or representative of this amount has one voting right in the general assembly. Those who have more than ten shares have the right to vote regardless of the limitation in terms of the amount mentioned above. Regarding voting by proxy, the regulations of the Capital Markets Board are complied with.

There is no company with which VakıfBank is mutually affiliated and there is no vote cast for this reason in the 67th Ordinary General Assembly. The use of minority rights is subject to the Turkish Commercial Code, the Capital Markets Law, the relevant legislation, and the communiqué and resolutions of the CMB.

2.5 Dividend Rights

There is no provision in the VakıfBank Articles of Incorporation that stipulates the privileges in participating in profit sharing. The principles regarding the profit distribution VakıfBank’s share are explained in Article 35 of the Articles of Incorporation.

Each year, the Board of Directors of VakıfBank submits its proposal on profit distribution to the General Assembly and to the Shareholders’ information via the Integrated Annual Report prior to the General Assembly meeting. The proposal of the Board of Directors regarding profit distribution is discussed and resolved at the General Assembly. Profit distribution procedures were completed within the legal timeframe in line with the decision taken by the General Assembly about distributing 2020 Profit and necessary notifications were made to the public authorities. Furthermore, the relevant decision was publicly announced on the same day via Public Disclosure Platform.

In the profit distribution, a balanced policy is pursued between the benefits of the shareholders and the partnership.

With the aim of complying with the Corporate Governance Principle Numbered 1.6.1., in 2014, the Board of Directors of the Bank created a “Profit Distribution Policy” and published the document in Turkish and English on the corporate website. Profit Distribution Policy was presented to the approval of the shareholders at the Ordinary General Assembly Meeting held in 2015. Thus, full compliance with the relevant principle was achieved.

2.6 Transfer of Shares

All Bank shares are registered shares and divided into Class (A), (B), (C) and (D) groups.

The process regarding the transfer of bank shares was completed as of December 11, 2019, and 58.51% of the Bank’s shares were transferred to the Treasury. It is recorded in the Bank’s share book on behalf of the Ministry of Treasury and Finance.

With the decision of the Bank’s Board of Directors dated May 11, 2020, it has been decided to increase the paid-in capital of TL 2,500,000,000 provided that it remains within the registered capital ceiling, by completely restricting the pre-emptive rights of the current shareholders and by increasing cash capital increase, which will

generate a total sales revenue of TL 7,000,000 in total. Within the framework of the relevant legislation of the Capital Markets Board (“CMB”), the Banking Regulation and Supervision Agency (“BRSA”), and the Procedure for Borsa İstanbul’s Wholesale Purchase and Sales Transactions, all of the shares to be issued due to the capital increase, are set to be transferred to Turkey Wealth Fund, without public offering, and by dedicated sales method.

In the material event disclosure published by the Bank on May 15, 2020, it was announced that the sales price of the shares to be issued was determined as TL 4.98 for a share with a nominal value of 1 TL and that the paid-in capital will be increased from TL 2,500,000,000 to TL 3,905,622,490 as a result of the capital increase.

The shares with a nominal value of TL 1,405,622,490, issued by the Bank, were sold to the Turkey Wealth Fund through a wholesale transaction on the stock market on May 20, 2020, with the total sales revenue of TL 7,000,000,000, at a price of 4.98 TL for the share with a nominal value of 1 TL the capital increase transactions have been completed.

Thus, while the paid-up capital of the Bank increased to TL 3,905,622,490, the remaining amount was reflected in the records as share premium.

Following the capital increase, T.C. Treasury and Ministry of Finance has 37.45% share of the bank, while Turkey Wealth Fund has 35.99% of the shares of the Bank. In addition, according to the Bank’s current shareholding structure Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı has 10.31%, other annexed foundations and other real and legal persons have a total share of 0.11%. The 16.14% of the Bank’s shares is publicly-held.

The Bank’s Articles of Incorporation do not include any provisions to restrict the transfer of Class (B) shares held by other attendant foundations and of Class (C) and (D) shares.

However, as per to the 6th article of the Articles of Incorporation, VakıfBank Board of Directors is authorized to convert from Class (B) shares held by attendant foundations (subject to permission by the General Directorate of Foundations) and Class (C) shares into Class (D) shares at the request of the Shareholders.

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SECTION III- PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Banks's Website and its Content

The Bank has two separate websites; that are regularly updated and published in accordance with the Corporate Governance Principles in Turkish (www.vakifbank.com.tr) and English (<http://www.vakifbank.com.tr/English.aspx?pageID=977>)

The links of Investor relations website in Turkish and in English as presented below;

Investor Relations Website in Turkish:
http://www.vakifbank.com.tr/Yatirimci_Iliskileri.aspx?pageID=657

Investor Relations Website in English:
<http://www.vakifbank.com.tr/investor-relations.aspx?pageID=625>

These websites include; information about the Members of the Board of Directors and Senior Management, VakıfBank's organizational structure, committees and partnership structure, the Bank's record of registration, financial information and integrated annual reports for the last 5 years minimum, credit ratings given by credit rating agencies, the Corporate Governance Compliance Reports, information regarding sustainability and the sustainability reports of the Bank, stock data, analyst list, presentations for investors, Bank's Articles of Incorporation and the Law on VakıfBank, General Assembly Internal Directive, list of attendants, General Assembly brief minutes, capital increase and dividend ratios, code of ethics, all environmental, social, and governance policies of the Bank, information on Medium-Term Bonds and Mortgage Covered Bond Program, and announcements regarding the developments in the Bank. These websites also include the disclosure of material matters on publicly announced developments about VakıfBank via Public Disclosure Platform. The Bank's corporate websites do not include information and announcement that may have an impact on using shareholders' rights. Interactive Analysis Function offers the opportunity to make comparative analysis of VakıfBank shares and indices in local and foreign currencies.

Bank's website is in compliance with The CMB's Corporate Governance Communiqué (II-17.1; date: 03.01.2014) principles numbered (2.1.1), numbered (2.1.2), numbered (2.1.3), and numbered (2.1.4) regarding corporate websites. The announcements made by the Bank via Public Disclosure Platform are translated into English and published on the webpage. Furthermore, it is made sure that the English version is consistent with the Turkish version and is prepared in a manner that will be correct, complete, direct, comprehensible, and sufficient enough for the persons who will make use of the announcement to make a decision.

3.2 Annual Report

The Bank's Annual Report is being issued within the scope of the Banking Regulation and Supervision Agency's Regulation on the Principles and Procedures of Preparation and Publication of Annual Report by Banks. Bank's Annual Report is in compliance with the 8th article of the CMB's Corporate Governance Communiqué (II-17.1; date: 03.01.2014) principles numbered (2.2.1) and numbered (2.2.2) regarding Annual Report.

SECTION IV- STAKEHOLDERS

4.1 Disclosure of Information to Stakeholders

Stakeholders are informed regularly about the issues deemed necessary through press releases, press conferences, interviews, annual reports, news on the website, announcements and various meetings.

In order to ensure an accurate and reliable flow of information, the Investor Relations Department prepares presentations regarding the financial statements disclosed each quarter, shares these presentations with the investors via website and e-mail, and also announces them through live teleconferences. The Department, by attending the investor meetings organized by the investment companies, shares the developments related with the Bank and the sector and answers any type of related question and request over the phone or via e-mail on a daily basis. On the Bank's website; necessary technical infrastructure was built in the "Sorun Çözelim" section for the Bank customers' information requests, comments, or complaints about the Bank's services and products. Information requests, suggestions and complaints of customers about the Bank's products and services as well as the problems of customers are resolved by all relevant departments of the Bank in the most effective manner.

In order to speed up stakeholders' access to information, and to facilitate Corporate Governance Committee's access to the Bank's transactions that are contrary to the legislation and that are ethically not appropriate; mail addresses are available as presented below and on the corporate website in the Investor Relations section for the information of the stakeholders.

investorrelations@vakifbank.com.tr
yatirimciiliskileri2@vakifbank.com.tr
vbsurdurulebilirlik@vakifbank.com.tr

The Information System Portal was built in order to provide information to Bank employees.

Furthermore, in order to inform the Bank's employees, an Information System Portal called Our Place ("Bizim Yerimiz") has been created. All announcements are made on this intranet portal that is an internal information sharing system. At different locations employees can have immediate and effective access to the information they are looking for due to the fact that all internal information is available on the system. In this manner, as employee satisfaction increases, time and energy loss is prevented, as well. The aim is to achieve cost saving and faster communication with the help of this portal.

The opinions and suggestions of the employees are taken into consideration and studies are carried out within this scope. Employees convey their ideas and suggestions that they think will add value to the Bank through the Suggestion Platform.

One of the important factors affecting employee satisfaction is the quality and efficiency of the relationship that the employee establishes with other units in the organization in which he/she is included. We attach importance to measuring and evaluating the satisfaction of employees from the services they receive from Headquarters units, conducting the processes between business units more accurately and faster, increasing internal customer satisfaction in the Bank and differentiating the Bank in the sector, Bank's prominence in competition and supporting its continuous development. In order to effectively manage employee satisfaction, a high level of participation was achieved in the Internal Customer Satisfaction Survey conducted in 2021, and the internal customer satisfaction score was 74.

In order to find out the trust and commitment to the brand and perception of our employees, their work-private life balance, their opinions on performance management, remuneration, training and development opportunities, and their general assessments about their managers, the Employee Commitment and Satisfaction Survey was conducted in 2021 with the participation of employees of 12,739 employees our Bank along with Vakıf Finansal Kiralama A.Ş., Vakıf Faktoring A.Ş., Vakıf Yatırım Menkul Değerler A.Ş., Vakıf Gayrimenkul Değerleme A.Ş., and Vakıf Pazarlama San. ve Tic. A.Ş. under VakıfBank Finans Group. Within the scope of the survey, the satisfaction factors determining the commitment are analyzed and the areas that employees demand to be invested in, their feelings and opinions as well as the points that they want to be developed are determined.

Most of the Headquarters employees continued their work with the remote access model alternately. During the Covid-19 outbreak, customer and employee health was prioritized and the physical conditions of the branch were made compatible with the current process. Limiting the number of customers in the branches in addition to ensuring that the branches operated remotely from different locations implemented in 2020 was also continued in 2021 for precautionary purposes when necessary. In order to provide more efficient service to the institutions, the working hours of the branches within the institution have been made compatible with the institution they are located in.

VakıfBank holds the Management Summit, Internal Systems Summit and Strategy and Performance Meetings attended by its managers every term. At this summit, the Bank's current status, performance and expectations for the next period are discussed in line with the Corporate Strategic Goals.

The oversight of the existing control mechanisms for the compliance of the transactions performed by VakıfBank with the relevant legislation, banking practices, Bank's internal policies, and ethical principles, is done by the Compliance Directorate with the coordination of the Audit Board Department, Internal Control Department, Risk Management Department and Compliance and Legislation Department. The scope of the compliance function consists of: tracking of the compliance risks that may arise from the international regulations, in the foreign branches and consolidated partners of VakıfBank, performing necessary tasks in order to continuously increase the compliance awareness and culture within the Bank. The Audit Board is directly informed about the results of the activities carried out regarding the compliance function.

4.2 Stakeholder Participation in Management

The Bank takes utmost care of its employees and all the stakeholders and thereby aiming to meet the expectations of its internal and external customers by improving the quality of its products and services. In order to achieve this aim, it designs all its systems in a manner that they can be continuously improved.

VakıfBank pays utmost attention that its employees play an effective role in the development stage of new products and services. With an e-mail address created in the Bank, employees are given the opportunity to state their opinions within the scope of the new product development. The presented opinions, after being evaluated by the departments of the Head Office, can be brought to the project stage.

If necessary, the Bank also provides information to the stakeholders who are not Bank employees, about the issues that concern them via the Bank's website, call center, branches, social media, phone, and other communication channels. In order to ensure customer satisfaction, the Customer Satisfaction and Solution Center Department provides the necessary work within the Bank. All requests, suggestions, complaints, or positive feedback regarding the Bank's products and services can be communicated to the Bank through the Bank's website, internet banking, mobile banking, call center, the Union of Turkish Bar Associations, BRSA, CİMER, branches, and social media. Additionally, customers can perform all banking transactions through a direct call to VakıfBank 7/24 Call Center at 0850 222 0 724.

The Bank provides training to its employees on professional/technical and personal development to improve their knowledge and skills and improve their workflows. Pieces of training at the Bank are planned on a role-based basis. All employees are provided with equal opportunities to participate in the training. In-class and video pieces of training include the issues that support employees' development in customer relations and customer experience, strengthen communication between customers and employees, and increase customer satisfaction.

In order to raise awareness about social responsibility and sustainability, in-class/ virtual classroom/e-learning pieces of training are organized for employees on the topics of "Sustainability," "ISO 9001 Quality Management System," "ISO 14001 Environmental Management System," "ISO 45001 Occupational Health and Safety Management System," "Zero Waste," "Integrated Management System and Auditor," "PDPL," "Clean Table," "Prevention of Laundering Proceeds of Crime and Terrorist Financing," and "Acts of Fraud in Banking" during the year. E-learning trainings on topics such as "Right Approach to Disability," "Sign Language," "Ethical Principles," and "Gender Equality in Working Life" are also offered to employees.

4.3 Human Resources Policy

Within the scope of the sustainability efforts, the "Human Rights and Employee Rights Policy" fulfills the requisites of the principle numbered 3.3.1. of the Corporate Governance Communiqué (II-17.1) was made available for the information of the stakeholders on the corporate website.

VakıfBank carries out a human resources policy that values and focuses on people with its current human resources practices. In line with the current human resources approach, the Bank aims to create proactive employees that are recruited, trained, developed, and assigned appropriate roles/duties in compliance with their abilities, according to their qualifications and competencies, to perform talent management in the most effective way and that have a high level of banking professional knowledge and duty awareness, and make them adopt the Bank's goals and visions.

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The main principles of the Human Rights and Employee Rights Policy carried out by the Bank are given as follows:

- Creating and maintaining a working environment to increase the motivation and efficiency of the Bank employee,
- Prioritizing the concept of gender equality in performing the policy and procedures of the Bank without discriminating among the female and male employee members, and thus providing a working environment where all employee members have equal opportunities and labor peace,
- Maintaining a permanent working environment open to communication at all levels,
- Evaluating employees’ success and performance at work, encourage them, maintaining their morale and motivation at the highest level,
- Considering the material and moral interests of the employees’ and pursuing, maintaining, developing a fair wage policy where equal wages are given for equal jobs without making any gender discrimination,
- Contributing to personal development of the employees and helping them reach their career goals while increasing their loyalty to the Bank and strengthening their sense of belonging through internal/external training programs,
- Taking necessary measures to increase health, safety, and welfare of the female/male employees, and increase their loyalty to the Bank,
- Providing the employees with opportunities to get title promotions on the basis of female male equality, and contributing to improving their management and leadership skills with the new responsibilities given,
- Keeping track of the modern HR practices and developments, integrating the latest HR practices into the Bank’s system and,
- Ensuring that candidates are placed in positions appropriate to their potential in line with their behavior-based competencies by offering equal opportunities in recruitment processes.

The criteria about the employee to be employed at the Bank are specified in the Bank Personnel Directive. Recruitment process is carried out in line with the principles stipulated in the relevant legislation, taking long-term strategic targets of the Bank and the norm staff of branches and departments into consideration. VakıfBank aims to employ visionary and qualified candidates who can see the opportunities that evolve in the sector in the process of digitalization through recruitments it manages.

Recruitment at the Bank is made mainly by the titles of Officer, Assistant Associate in the Banking profession group, and by the titles of Assistant Auditor and Assistant Controller in the audit group. In addition, VakıfBank also employs personnel in IT Assistant Associate, Engineer, Architect, and Lawyer titles to work in business departments outside the banking area such as IT Centers, Legal Departments, etc. that require specialties. The Bank conducts profiling based on the behavior-based competency criteria in order to identify qualified, correct and appropriate candidates for the corporate culture in the recruitments it performs in the group of specialized staff. In line with this, in order to determine the competencies of the candidates in this group, the candidates are subjected to the evaluation center application and appointed to the Bank after their competency-based evaluations.

The Bank also aims to strengthen and increase employee loyalty through its human resources practices. In this regard, the “Business Compliance Practice Principles” document has been taken as a basis in order to facilitate the adjustment and adaptation of the newly appointed personnel to the Bank and to transfer the corporate culture, vision, mission, and objectives of the Bank to the newly recruited personnel in the best way.

Transactions regarding the change of place of duty at the Bank are carried out in accordance with the personnel needs of the branches/ departments in the framework of the provisions of the Bank Personnel Regulation. It is aimed to manage the current human resources effectively and efficiently and to carry out the activities with the optimum number of personnel in the branch/ departments in order to sustain the success of the Bank with the changes in the location of the duties.

The Bank also conducts activities for the development and modernization of business processes for human resources and conducts HR business processes through the digital platform (VIT), where the Banking applications are placed and which the software of is the Bank’s own. With the screens developed via this platform, HR processes are carried out in a structure where the risks arising from individual/operational errors are minimized without loss of documents and information from end to end.

Considering the lack of permanent staff in the Branches/Departments, the need for authorized employee in the existing/future Branches/Departments employee and probable pensions, resignations, and the like, promotion exams are made in accordance with the Bank Employee Directive’s and the Career and Salary Management System Regulation’s, relevant clauses that regulate promoting.

The aim is to create a structure based on the specialization of the staff members in line with their competencies and thus to determine their career steps by taking their performance measurements, expertise/experience in the field of task and trainings, certificates into consideration. Making evaluations with an organizational approach that cultivates its managers/executives, monitoring the employee members who have the competencies necessary for the job, and making sure that they are cultivated for executive positions. To this end, efforts are made to increase the corporate (employee) loyalty, and to create an organization where activities are carried out adopting the corporate culture.

The performance process is continuously reviewed and improved as the performance measurements of Head Office Departments, regional directorates, branches and sales employee are made; performances are fairly and objectively evaluated; bonuses are paid to staff members depending on their performances.

Training programs inside and outside the Bank are carried out to improve the competencies of the staff and to ensure that the employees are specialized in their jobs in line with their career plans through the approach targeting continuous learning, innovation and perfection. Furthermore, there are special orientation trainings for novice Assistant Auditors, Assistant Associates, and Officers to build up the corporate culture, and to make sure they adapt themselves to the Bank.

Employees are informed about their job descriptions and distribution as well as performance and awarding principles via documents in the Bank’s information systems and via notifications/announcements.

The Bank’s staff works in accordance with the provisions of private law and is recruited in conformity with the provisions of the Labor Law numbered 4857 currently in effect. Bank employees are “Turkish Bank, Finance and Insurance Company Employees Union” (BASS) members, and thus working conditions of the employees are determined by the collective bargaining agreements between the Bank and the Bank’s staff works in accordance with the provisions of private law, and is recruited in conformity with the provisions of the Labor Law numbered 4857 currently in effect. Currently, Collective Bargaining Agreement for the 25th Period between 01.05.2021 - 30.04.2023 in effect.

Relations between the employees and employers are carried out by the directors and representatives of the abovementioned unions. The union representatives forward the requests and complaints of the employees of the Bank about working conditions, personal rights, duties and responsibilities to the employers and monitor the process. Furthermore, there are union representatives, elected among the staff working in the Bank’s Branches/Departments, (i) who should monitor whether or not the Collective Bargaining Agreement and the laws in force about the union members are practiced in line with their purposes and, (ii) who should verbally or in writing inform the director of that workplace about the insufficiency and discrepancy they detected on these issues. To date, there has not been any complaint from the employees about any discrimination issues. The names, surnames and duties of the directors of the abovementioned unions are given below.

NAME AND SURNAME	POSITION IN THE SUBSIDIARY
Turgut YILMAZ	President
Mustafa EREN	Secretary General
Nefiye ARSLAN	Secretary General of Finance

4.4 Ethical Principles and Social Responsibility
Pursuant to its objectives of protecting stability and reliability in the banking sector by preventing unfair competition, improving service quality and maintaining the reputation of the banking profession before the public, VakıfBank, with Board of Directors’ resolution numbered 74205, dated February 16, 2006, adopted the Bank’s Banking Ethical Rules, issued by the Banks Association of Turkey and has undertaken to comply with these rules. In this context, the Ethical Principles of VakıfBank have been established based on the Banking Ethical Principles of the Turkish Banks Association, the Principles of Ethical Behavior of Public Officials, and other regulations, and they were adopted at the meeting of the Board of Directors dated 28.01.2021.

These principles are published on the VakıfBank’s website. Pursuing the aim of continuing to touch the public life with the awareness of social responsibility, VakıfBank has established an Ethics Reporting Hotline in order for any situations that constitutes a violation of the accepted ethical principles to be reported when it arises. We do not approve any retaliatory actions for people who report through the Ethics Reporting Hotline, and the evaluation process of reports made through the Ethics Reporting Hotline is carried out in secrecy. In addition to contributing to the solution of existing problems, VakıfBank continues to be the strength by side of the society by providing maximum support to areas open to improvement.

Corporate Social Responsibility
For 67 years, VakıfBank has a mindset that aims to always stand by all the segments of society; to reach anyone in need in all circumstances, and to support and produce solutions according to the needs from childhood to retirement, in every period of life, anywhere in Turkey.

As a bank that has not only focused on the economic results of its activities since its foundation, but has always taken into account its impact on society and nature, it considers sustainable banking as a fundamental element of its strategy. For this reason, the social, ecological, and governance consequences of each step are taken into account.

It has been taking a leading role in the sector on energy efficiency and climate, financial inclusion, supporting production and employment by following the guidance of the United Nations Sustainable Development Goals. It will always be there for our country with its deep-rooted history, competent team to build the banking of the future from today, strong technological infrastructure, intellectual, social, and financial strength.

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It classifies its activities in the field of corporate social responsibility, which it considers as one of the main pillars of sustainable banking, under three main headings: ‘education’, ‘culture’, and ‘sports’. With its long-term supports and investments it provides, it says “I am there for You” to society. With the awareness of being always there for the athletes selected as the best in the world over and over again, the stars of tomorrow who come through the youth setup, the special children it approaches whose education with care, and, by saying that reading comes first, the friends of books and our cultural world that will become even richer with books, it is implementing many social benefit projects to leave its mark on the future.

Education

Believing that the dream of a single child will create changes in society and the world, VakıfBank supports children to look at the future much more hopefully by producing projects that support their dreams as a force that is there for them.

- It has assumed the development of a total of 54 mechatronics, mind games, and artificial intelligence workshops, as well as over 170 information technology laboratories within the Science and Art Education Centers (BİLSEM), which it has supported since 2017, through the cooperation with the Ministry of National Education (the “MoNE”). It discovers the individual talents of nearly 20 thousand special talented children who are trained in the workshops that it supports and helps them use their talents at the highest level.

Culture

In 2018, we started our activities in culture publishing with VakıfBank Culture Publications (VBKY). We act with the principle of “ Ve Benzersiz Kitap/And Unique Book” within the body of VBKY, and we offer books in categories such as literature, history, economics, philosophy, intersections, art, people, and society to our readers within the framework of reliable sources, measurable researches, strong and accurate language use criteria. We are trying to be the publisher of books that will be read and stored for years with VBKY, which represents the cultural vision of VakıfBank, the heir to centuries-old foundation culture. We have the goal of enriching and spreading our cultural and artistic life first at the national and then at the universal level, preserving and developing the assets and values that we are entrusted with and passing them on to future generations. We continue to enrich our publishing pool with the books that enlighten society and open up horizons in line with our publishing policy. As of the end of 2021, we have offered more than 120 books to our readers.

Sports

VakıfBank Sports Club, the longest-running social benefit project conducted by VakıfBank, is the most successful club in Turkey that shows what a Turkish woman can achieve internationally today and makes a significant contribution to the development of Turkish sport.

VakıfBank Sports Club, with its volleyball schools and infrastructure investments, introduces young girls to sports and makes the club’s success “sustainable” for 35 years. Over the past six years, it has there been for more than three thousand girls through its sports schools. The athletes it has trained from volleyball schools and those coming through the youth setup continue to have many successes as the players of VakıfBank’s team and the National Team.

VakıfBank Women’s Volleyball Team holds the title of “Turkey’s team that won the most trophies in the international arena” with 3 World Club Championships, 4 European Champions League Championships, 1 Top Teams Cup Championship, and 1 Challenge Cup Championship. In addition, it received the title of “Volleyball team that won the most official matches in a row” with its 73-match winning streak between October 23, 2012, and January 22, 2014, and the title of the “Team that won the most FIVB Club World Championships” with its championships in the Club World Championship, and it managed to enter the Guinness World Records twice.

Supporting its employees to contribute to social life in addition to its corporate social responsibility activities, VakıfBank organized activities in the fields of education, environment, arts, and sports with the participation of its employees in 2021 within the scope of its internal communication strategy.

Thousands of children were reached with the Kindness Moneybox, a volunteering movement initiated to meet the needs of students in village schools in different cities; and their needs from stationery to clothing, from sports equipment to musical instruments were met. Thanks to the same moneybox, as a long-term project, cleaning and daily needs, especially for food, were supplied to animal shelters by VakıfBank employees. VakıfBank employees, who contributed to these Kindness Moneyboxes for those in need in case of disasters such as forest fires and floods, behaved with the awareness of social responsibility.

The new year dreams of 100 children in need, reached out through the AİP (Urgent Need Platform) Association, were realized by the employees of VakıfBank.

Running for good at the 2021 İstanbul Half-Marathon and İstanbul Marathon, VakıfBank employees collected contributions for various non-governmental organizations, such as Darüüşafaka and KAÇUV.

Approximately 4.5 tons of bottle tops collected by the employees in support of the plastic campaign conducted by TOFD (Turkish Society of Spinal Cord Paralyzed People) helped 12 people in need to have a wheelchair.

The Organ Donation Awareness communication was carried out, the “One Donation, Many Lives” campaign was shared with our employees, and nearly 100 of our employees were allowed to become organ donors through the Medical Tourism Association authorized by the Ministry of Health.

In addition, the number of VakıfBank Forests planned to be created every year with the contributions of our employees under the project “One VakıfBank Forest every year” has been increased from 1 to 3 forests due to forest fires in 2021. With the contributions of our employees, the goal of “3 VakıfBank Forests” has been achieved.

VakıfBank social clubs, established to develop and show the talents of its employees in art and sports, have continued their activities effectively this year, sometimes online, sometimes face-to-face, keeping up with the pandemic conditions. A new one was added to Theater, Marbling, Turkish Classical Music, Turkish Folk Music, Polyphonic Music, Football, Basketball, Chess and Health Life clubs and Folk-Dance Club was established. In addition, employees in various corporate tournaments and organizations represented VakıfBank in different areas, such as swimming and chess.

VakıfBank won the “Platinum Award” with its “VakıfBank Sports Club - Success Has No Gender” project in the Gender Equality Category at the 12th Corporate Social Responsibility Summit Awards for the Institution Adding Value to Sustainable Development Goals and the “Bronze Award” with its support to BİLSEM in the category of Qualified Educational Projects at the 13th Corporate Social Responsibility Summit Sustainable Development Goals Awards.

In addition, VakıfBank, which follows the goals of international initiatives on gender equality, has also won the Silver Award in the category of March 8th International Women’s Day in the Sardis Awards with its special production “Do Your Thing” advertising film in the category of “Best Advertising Film.”

SECTION V- BOARD OF DIRECTORS

5.1 Structure and Formation of the Board of Directors

NAME AND SURNAME	POSITION IN THE SUBSIDIARY	START DATE OF THIS POSITION
Mustafa SAYDAM	Member of the Board of Directors (A)	26.03.2021
	Chairman of the Board	26.03.2021
	Remuneration Committee Member	26.03.2021
Dr. Cemil Ragıp ERTEM	Member of the Board of Directors	13.08.2018
	Deputy Chairman of the Board of Directors	12.06.2020
Abdi Serdar ÜSTÜNSALİH	General Manager	27.05.2019
	Member of the Board of Directors - Executive Member (A)	
Abdülkadir AKSU	Member of the Board of Directors (A) (Independent)	27.05.2019
	Member of Corporate Governance Committee	26.03.2021
Dr. Adnan ERTEM	Member of the Board of Directors (B)	28.10.2010
	Remuneration Committee Member	06.04.2012
	Substitute Member of the Credit Committee	12.06.2020
Dilek YÜKSEL	Member of the Board of Directors (C)-Independent	29.03.2016
	Member of Corporate Governance Committee	12.06.2020
	Member of Audit Committee	12.06.2020
	Substitute Member of the Credit Committee	29.03.2016
Şahin UĞUR	Member of the Board of Directors (C)	09.06.2017
	Member of the Credit Committee	12.06.2020
Serdar TUNÇBILEK	Member of the Board of Directors (C)-Independent	09.06.2017
	Member of Audit Committee	15.06.2017
	Member of the Credit Committee	27.05.2019
Sadık YAKUT	Member of the Board of Directors	27.05.2019
	Member of Corporate Governance Committee	27.05.2019
BOARD OF AUDITORS		
Hasan TÜRE	Member of the Audit Board	09.06.2017
Mehmet Emin BAYSA	Member of the Audit Board	12.06.2020

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As stated in Article 19 of the Bank’s Articles of Incorporation; the board of directors consists of nine members and nine members of the board of directors were elected at the 67th Ordinary General Assembly Meeting held on 26.03.2021.

Pursuant to the regulations of the Banking Regulation and Supervision Agency, the Chairman of the Board of Directors does not have executive tasks and duties. General Manager Abdi Serdar ÜSTÜNSALIH is an executive member of the Board of Directors. There are no other executive members in the Board of Directors except the General Manager. The term of office of the members of the Board of Directors is three years. Résumés of the Members of the Board of Directors are available on <http://www.vakifbank.com.tr/yonetim-kurulu-uyeleri.aspx?pageID=300> and <https://www.vakifbank.com.tr/board-of-directors-and-statutory-auditors.aspx?pageID=2526>.

As per the Capital Markets Board regulations regarding Corporate Governance Principles, the number of Independent Members of the Board of Directors was determined as three. At the 67th Ordinary General Assembly dated 26.03.2021 Dilek YÜKSEL, Serdar TUNÇBILEK, and Abdülkadir AKSU were elected as Independent Members of the Board of Directors. Independent Members of the Board of Directors’ statements of independence are available, and there is no breach of independence as of the relevant activity period.

Duties of the Members of the Board of Directors outside the Bank within the Group:

NAME AND SURNAME	SUBSIDIARY	POSITION IN THE SUBSIDIARY	START DATE OF THE POSITION
Abdi Serdar ÜSTÜNSALIH	TSKB A.Ş.	BoD Member	14.06.2019

Member of the Board of Directors Dr. Adnan ERTEM’s duty outside VakıfBank and the Group is Deputy Minister of the Ministry of Labor and Social Services.

The provisions of the Turkish Commercial Code (TCC) articles 395 and 396 are applicable for the Bank’s Board Members to assume duties outside the company. This issue was discussed in the 9th agenda item of the 67th Ordinary General Assembly meeting held on March 26, 2021, and it was decided by majority vote to allow the members of the Board of Directors within the scope of articles 395 and 396 of the TCC by the shareholders.

5.2 Operating Principles of the Board of Directors
Board of Directors convenes upon the call of the Chairman of the Board of Directors; in the absence of the Chairman, meets upon the call of the Deputy Chairman when Bank affairs require. It is mandatory that the Board convenes at least once a month (Article 22 of the Bank’s Articles of Incorporation). Meeting agendas are prepared according to the memorandums sent from the Head Office departments while various reports the Board of Directors requested from the execution and various issues presented by the Board Members are discussed during the meeting. The agenda and relevant files are presented to the members prior to the meeting.

Information and communication activities for the members of the Board of Directors of the Bank are carried out by the Department of Operations of the Board of Directors. In 2021, 63 Board of Directors meetings were held. Members of the Board of Directors did attend the Board Meetings except in cases they had excuses. Decisions were made unanimously. All questions, opinions and objections of the Members during the Board of Directors Meeting are recorded in the meeting minutes. Each Member of the Board of Directors has one right to vote, and members do not have weighted right to vote and/or negative veto right.

The Board of Directors convenes with the majority of the total number of members and takes its decisions with the majority of the members present at the meeting (22nd article/5th paragraph of the Bank’s Articles of Incorporation).

An electronic meeting system was set up to enable the Members of the Board of Directors of the Bank to attend the meetings and to vote on electronic platform.

The damage may be caused by the Board members as a result of their failures during their term of office has not been covered by insurance for 2021, and works are underway for Executive Liability Insurance in 2022.

5.3. Number, Structure and Independence of the Committees Formed at the Board of Directors
In order to efficiently and effectively carry out its activities in line with the Banking Law numbered 5411, Banking Regulation and Supervision Agency’s “Regulation on Corporate Governance Principles in Banks,” Capital Markets Board’s Corporate Governance Principles and the Articles of Incorporation of the Bank; the Board of Directors has established Audit Committee, Credit Committee, Corporate Governance Committee, and Remuneration Committee. All Members of the Audit Committee and the Chairmen of the other committees are Independent Members. Due to the fact that there are no Executive Members except the General Manager, in the Board of Directors, Committee Members are non-executive members. Committees are not entitled to take executive decision.

Information about the committees is available under the Committee Structures and Policies section in the Corporate Governance Section of the 2021 Integrated Annual Report.

The Board of Directors consists of nine members. Of these, three members of the Class (A) and one member of the Class (B) and two members of the Class (C) are among the candidates that the majority of their class will nominate, one member among the candidates that shareholders will propose by initially taking into account the Class (D)’s preferences, and two members among the candidates that shareholders will propose are elected by the General Assembly. One member elected by the General Assembly considering the preferences of the Class (D) and one member of the Class (A) and (C) are independent members (Article 19/Paragraph 1 of the Bank’s Articles of Incorporation).

Board Members assume duties in more than one committee since the number of the members of the committees of the Board of Directors is greater than the number of the members of the Board of Directors as stipulated in the principles of the Capital Markets Board Corporate Governance Principles and Banking Regulation and Supervision Agency. Committees are composed of at least 2 members.

5.4 Risk Management and Internal Control Mechanism
Head of Risk Management directly reporting to the Audit Committee that is responsible for carrying out activities for defining, measuring, reporting, monitoring and controlling the risks that the Bank faces. Furthermore, all departments are considered as a part of the risk management system.

Risk Management activities in the Bank are carried out in conformity with the legal legislation, also international best practices are pursued. Within this scope, risk management strategies were set up, as the policies for managing each of the risks were written within the framework of principle of materiality.

The Bank has created a “Risk Appetite Statement” in order to determine the risk level that it is ready to accept with the foresight of the risk capacity that it can handle the risks at a safe level in order to actualize its targets and strategies. The capital-based in the Risk Appetite Statement, liquidity and risk concentrations established in the statement and risk-based limits are regularly monitored.

A capital structure in appropriate with the risk level is closely monitored, as the Bank’s resistance against unexpected and negative developments is measured via scenario analysis and stress tests. Besides measuring legal capital requirement, ISEDES (Internal Capital Adequacy and Assessment Process) activities that include internally evaluating the capital requirement for the risks the Bank faces/will face also carried out, as the results are evaluated by the top management.

Furthermore, Risk Management Department carries out the activities in coordination with the Audit Board, Internal Control Department and Compliance and Regulation Department within the scope of the “Regulation on Banks’ Internal Systems and Internal Capital Adequacy Assessment Process. An efficient and effective internal control system was set up in order to; I) carry out the activities of the Bank in conformity with the targets, policies and strategies set by the top management and within the framework of existing legal legislation, and II) make sure that risky transactions are controlled in the Bank. In order to ensure the protection of bank assets, to carry out activities in accordance with the Law and other relevant legislation actively and efficiently, to carry out internal policies and rules and in accordance with banking practices, and to enable the reliability, integrity of the accounting and financial reporting system, and timely access to information, the Internal Control Department, which operates under the supervision and control of the Audit Committee; controls the operational procedures for carrying out activities of the Bank, bank’s communication channels, information systems, financial reporting systems.

With a risk-oriented perspective, internal control activities are carried out in all domestic and international branches of the Bank, Headquarters departments and in subsidiaries subject to consolidation. Findings and suggestions determined within the scope of internal control activities are shared with the relevant parties through reports and the actions taken are followed up. Furthermore, information technology controls are also performed to check whether or not information system activities are carried out securely and in conformity with the guidelines determined by the Bank.

The Internal Control Department controls the functional classification of tasks and the sharing of powers and responsibilities in order to identify, measure and prevent the Bank’s risks. Opinions are presented in order to reduce and manage risks by evaluating the compliance and the possible risks carried by of the projects, procedures and processes formulated by the Bank’s business departments with the policies and rules within the Bank, control points are determined, increasing the effectiveness of the control activities, set up and enhancing auto control and systemic control mechanisms in the processes and procedures, and decreasing operational risks are provided.

The adequacy and effectiveness of risk management and internal control systems are audited by the Audit Board Department.

With the goals of current monitoring of the legislation regarding the legal obligations within the scope of the Prevention of Laundering of Proceeds of Crime and Financing of Terrorism and Proliferation of Weapons of Mass Destruction as well as the activities carried out in order to provide required compliance with the international rules, principles, and fundamentals on the same issue and up-to-date monitoring of the legislation concerning banking activities, evaluating the effects of the changes on the Bank’s activities in a timely and with ensured full compliance, activities to monitor and coordinate internal Bank activities are carried out by the Compliance and Regulation Department.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Within this scope, as per the “Regulation On Program of Compliance with The Obligations Regarding Prevention of Laundering of Proceeds of Crime and Financing of Terrorism,” in order to ensure that the Bank’s obligations are fulfilled; » necessary policies and procedures are structured in the issues of identifying the customers, classifying them into risk categories and monitoring them, informing about the suspicious customer transactions and » controls are made to see if these policies and procedures are implemented or not, » opinion/approval is given for risky sector/ country transactions, » Financial Crimes Investigation Board (MASAK) is informed about the transactions that are considered suspicious in the necessary investigations and evaluations made within the framework of a risk based approach about the potentially suspicious transactions (for the Bank) detected within the scope of monitoring and controlling activities or forwarded via channels like branches etc. to the Compliance and Regulation Department. Compliance-related duties and activities are performed in coordination to prevent laundering the proceeds of crime and financing of terrorism at domestic and foreign branches of the Bank. The activities of the Compliance and Regulation Department are carried out in coordination with the business departments. Within framework of training activities; in-class and online trainings are regularly given to the Bank employee in order to constantly increase the awareness and culture within the Bank about “Prevention of Laundering of Proceeds of Crime and Financing of Terrorism.

The developments regarding the legislation and banking practices related to banking activities are followed up currently by the staff of the Compliance and Regulation Department and the changes that are occurring are interpreted in terms of their effects on the Bank’s activities and practices, and the necessary measures to be taken by the subsidiaries of the Bank in relation to the services provided by the Bank and the changes required in the Bank’s internal legislation and practices are determined, and is notified to the relevant business departments in writing. By coordinating the works in order to reflect the legislation changes to the Bank’s internal legislation and practices, the measures taken by relevant business departments within this scope and actualized practice changes and internal legislation regulations are monitored and controlled regarding the compliance to the legislation within the scope of “Regulation on Banks’ Internal Systems and Internal Capital Adequacy Assessment Process” and necessary measures are taken to provide timely and full compliance with the legislation. In addition, in line with the Regulation, controls are carried out for the compliance of the Bank’s new products and services with the legislation.

With the domestic banking regulation, legislation on mutual information exchange agreements for the improvement of international tax compliance signed between OECD countries and the Republic of Turkey and the United States is followed and business departments in order to ensure compliance with these regulations are directed, the works carried out within this scope of relevant business departments are followed and coordinated.

Within the scope of the obligation that the detailed justifications to be prepared for complying with all the principles contained in the Good Practice Manuals and the principles which are partially implemented or not fully implemented are presented every year together with the submission of the Internal Capital Adequacy Assessment Process (ISEDES) reports to BRSA; the practices of the Bank which is designated as “Systemically Important Banks” and its policy documents are monitored and controlled to ensure that they are in full compliance with all the principles specified in the Good Practice Manuals. The relevant business departments are coordinated to make changes and corrections when necessary.

In addition, compliance of the Bank’s branches abroad with the legislation of the countries in which they operate is checked by the personnel assigned in this context in the relevant branches, and reporting is made to the Compliance and Regulation Department regarding compliance.

The Audit Board Department conducts systematic audits for internal control, risk management and compliance systems in accordance with all legal regulations and Bank regulations.

5.5 Company’s Strategic Targets
The general strategies of the Bank are determined in line with the expectations on the economy and sector at the meetings chaired by the General Manager with the participation of the top management. Forecasts regarding the annual projection in line with the strategies are evaluated by the management. Consequently, strategies of the Bank, and annual projections are presented by the Strategy and Planning Department to the approval of the Board of Directors. Approved final projections and strategies are sent to the Bank’s Executive Vice Presidents and announced to the Bank staff as they are monitored by the relevant departments. Strategies and projections are reviewed at the high-level meetings held by the bank, the degree of achievement of the target and the developments in the sector are evaluated and necessary actions are taken.

5.6 Financial Rights Provided to the Board of Directors
The Chairman, Deputy Chairman and Members of the Board of Directors receive an annual salary that is determined by the General Assembly annually. In this context, in 2021, gross TL 43.3 million was paid to the members of the Board of Directors, Members of Audit Committee and Senior Management in terms of wages, travel allowances, accommodation, representation expenses and other real and material rights.

This issue was specified in the 8th article of the 67th Ordinary General Assembly minutes and the General Assembly minutes were announced on the Bank’s website. On the other hand, banking sector practices are also taken into consideration, and remunerations and benefits given to the members of the Board of Directors and executives are not disclosed on individual basis. Fixed and performance-based payments to the executives and other employees are determined and made within the framework of the principles of the Bank’s Remuneration Policy.

In order to comply with the principle numbered 4.6.2 of The Corporate Governance Communiqué numbered II-17.1, the “Remuneration Policy ” of the Board of Directors of the Bank that entered into effect on 24.02.2014, was submitted for shareholders’ information at the 2015 Ordinary General Assembly Meeting. The policy mentioned has been updated in accordance with the “Guide on Best Remuneration Practices at the Banks” published by the BRSA with the no. 65 decision of the Board of Directors dated 30.12.2019 and the document is available in Turkish and in English on the website.

On the other hand, the loans to be extended to the Board Members and Managers by the Bank are limited pursuant to Article 50 of the Banking Law. In this context, the Bank did not lend money or extend loan to any of the Members of Board of Directors. It did not improve the terms for loans or credits that have been given to the Members of the Board of Directors, and neither it extended loans by means of third persons and nor gave any collaterals.

Yours sincerely,

Dilek YÜKSEL
Member of Corporate Governance Committee

Abdülkadir AKSU
Member of Corporate Governance Committee

Sadık YAKUT
Member of Corporate Governance Committee

Ali TAHAN
Member of Corporate Governance Committee

Korhan TURGUT
Member of Corporate Governance Committee

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Türkiye Vakıflar Bankası T.A.O. (“VakıfBank” or “the Bank”) in their explanations regarding environmental, social, corporate governance (ESG) activities, adopts the general, environmental, social and corporate principles of the Sustainability Principles Compliance Framework, implemented with the Communiqué Amending the Corporate Governance Communiqué numbered II.17.1 of the Capital Markets Board published in the Official Gazette on October 2, 2020, and pays maximum attention to its implementation. Detailed explanations on the applications of the Sustainability Principles are included in the relevant sections below.

SECTION 1 - GENERAL PRINCIPLES

1.1. Strategy, Policy, and Goals

VakıfBank has formed the necessary policies in line with the Corporate Governance Principles and Sustainability Principles in line with the Bank’s strategy and relevant legislation. In this context, the Bank’s Information Policy, Ethical Principles Policy, Profit Distribution Policy, Anti-Bribery and Anti-Corruption Policy, MASAK Compliance Policy, Donation and Aid Policy, Human Rights and Employee Rights Policy, Occupational Health and Safety Policy, Remuneration Policy, Indemnity Policy, Information on the Environmental Policy, Sustainability Policy, Customer Satisfaction Policy, Supplier Selection and Compliance Policy, and Equal Opportunity is available on the Bank’s website.

Under the principle of “Sustainable development may only be possible with a sustainable environment,” VakıfBank’s commitments to minimize the impacts of their activities and ensure sustainable and innovative development in all areas related to the environment are as follows.

- 1. It aims to follow national and international practices in sustainability and contribute to the process with its procedures.
- 2. It develops environmental and social risk processes to minimize the adverse effects of credit and investment activities thanks to the business model that aims to grow in an integrated manner with the sustainability approach while carrying out its activities.

- 3. Adopts an understanding based on sharing the long-term values it creates with the principles of accountability and transparency, fairly with shareholders, customers, employees, and other stakeholders.
- 4. In order to successfully integrate the management system into environmental, social, and governance issues that it has developed in line with its sustainable development goals, to its long-term value creation goals for all its stakeholders, the Bank acts following the belief in cooperation in identifying good practices and product examples and taking advantage of new opportunities.
- 5. It plays an active role in the transition to a low carbon economy, one of the principles of sustainable development, and sets targets to reduce greenhouse gas emissions from its activities.
- 6. The Bank also aims to minimize the indirect environmental impacts from its activities with its loans to energy-saving and renewable energy projects.
- 7. As a part of its sustainable banking approach, it aims to be a pioneer in this field by accessing sustainable finance in national and international areas.
- 8. It aims to create a modern work environment where human rights are respected, social justice is ensured, and work rights are continuously improved. By spreading this perception, it aims to increase the awareness and awareness of employees, customers, and all other sustainability stakeholders.
- 9. Under the Bank’s Ethical Principles, the Bank rejects all kinds of discrimination between individuals based on language, religion, race, gender, philosophical belief, sect, and similar reasons and takes precautions against any acts that will lead to its violation. It accepts the diversity of its employees as the most critical element of human capital.
- 10. It aims to contribute to its employees’ success with a fair rewarding and performance system and works to provide a working environment compatible with its ethical values and strategic goals.

- 11. Organizes continuous training to increase employee awareness regarding integrating and internalizing the corporate culture’s sustainability approach.
- 12. While creating a healthy work environment for its employees respects the constitutional right of unionization and collective bargaining and pays attention to this right’s widespread use.
- 13. To ensure more effective management of information security in line with international standards throughout the Bank, it closely monitors innovations and developments in information security and continuously improves its processes.
- 14. Adopts medium and long-term strategies that protect customers and all other stakeholders’ interests by placing the sustainable banking approach at the center of its business strategies.
- 15. It aims to work closely with its suppliers to benefit from its suppliers’ environment-friendly products and services and spread sustainability to the supply chain.
- 16. It acts equitably, honestly, and impartially in selecting suppliers and carries out purchasing and procurement transactions by considering the professionalism, the quality of the product, and the quality of the service.
- 17. It aims to integrate all areas by carrying out all sustainability activities in harmony with the corporate culture.

The Bank’s medium and long-term goals, created according to the partnership strategy in line with the ESG policies, risks, and opportunities, are included in VakıfBank under Integrated Thinking in our Bank’s Integrated Report.

1.2. Implementation / Monitoring

The Bank’s corporate governance committees continue their duties within the framework of the working principles specified in the Bank’s Articles of Association, and information about the committees is available on the Bank’s website at the link <https://www.vakifbank.com.tr/committees.aspx?pageID=2528>. The committees regularly report to the Board of Directors regarding their activities during the year. The information regarding the number of reports submitted to the Board of Directors is disclosed to the public in the Corporate Governance Information Form, also included in the Integrated Annual Report.

The Bank develops implementation and action plans according to its medium and long-term goals specified in the Integrated Annual Report. In addition, it explains the performance indicators related to Environmental, Social, and Management comparatively yearly and identifies the sustainability performance improvement studies for products or services regarding business processes in the Integrated Annual Report.

1.3. Reporting

The Bank manages its financial and non-financial and sustainability performance as a holistic and shares its future strategies objectively in the Integrated Annual Report with stakeholders in the light of reliability and transparency principles.

Furthermore, VakıfBank explains the sustainability issues that it has determined with broad stakeholder participation to its stakeholders by associating them with the United Nations Global Sustainable Development Goals and multiple capital items in the Integrated Annual Report.

There are no lawsuits filed against the Bank regarding environmental, social, and corporate governance issues.

1.4. Verification

The Bank shares the British Standards Institution (BSI) verification statement for the CDP Report in the Integrated Annual Report. It shares the information related to sustainability performance measurements in its integrated annual report

prepared in accordance with the GRI Standards “Basic” option, and takes into account the Integrated Reporting Framework by the Value Reporting Foundation. The Bank benefits from the GRI Financial Services Sector Supplement and the Sustainability Accounting Standards Board Provisional Standard for Commercial Banks-SASB. While VakıfBank discloses its sustainability performance measurements to the public, it continues to increase the verification processes performed by national and international institutions.

Further, the Integrated Annual Report includes the United Nations (UN) Global Compact (UNGC) Progress Statement and the UN Women’s Empowerment Principles (UN WEPs) Progress Report, of which we are a signatory. In the Integrated Annual Report prepared by taking advantage of the UN Sustainable Development Goals (SKA) guidance, there is a table showing the climate-related statements within the scope of The Task Force’s recommendations on Climate-related Financial Disclosures (TCFD).

SECTION 2 - ENVIRONMENTAL PRINCIPLES

The Bank’s Environmental Policy has been publicly disclosed on its official website. ISO 14001 Environmental Management System Standard has been integrated into all working areas as of 2020.

The Environmental Management Service carries out the compliance with the relevant legislation monitored by the Compliance and Legislation Department. Environmental Policy, Waste Management Regulation, Zero Waste Regulation, Packaging Waste Control Regulation, Waste Electrical, and Electronic Equipment Control Regulation, Waste Batteries and Accumulators Control Regulation, Waste Oil Management Regulation, and Vegetable Waste Oil Control Regulation are examples of the legislation harmonized by the Bank on the environment.

The environmental report boundary included in the Integrated Annual Report and Carbon Disclosure Project Report prepared within the Sustainability Principles scope explains the reporting period’s limitations, reporting date, data collection process, and reporting conditions.

The Board of Directors holds the highest responsibility for the overall performance of the Bank. To achieve the targets, the Board of Directors directs and reviews the general strategy of the Bank. Accordingly, it examines the main action plans, annual business plans, and budgets. Furthermore, the Board of Directors determines the sustainability and climate change strategy and revises it when necessary. The Bank evaluates risks and possible opportunities in sustainability, reviews and updates its policies in this regard. The Bank determines performance targets and allocates resources for performance; these targets are publicly disclosed in the corporate website and the annual Integrated Annual Report.

It is the responsibility of the Sustainability Committee to identify, prioritize, and manage the risks and opportunities arising from climate change and the risks and opportunities related to environmental issues are included in the integrated report. In addition, in the Environmental Policy of the Bank, targets regarding the problems and the solution to these problems have been determined.

The Bank has been reporting on Sustainability since 2014 and has published its Integrated Report, prepared in accordance with the guidelines of the International Integrated Reporting Framework, for the first time regarding its activities in 2019. In addition to financial data, performance and future targets in corporate, economic, environmental, and social fields are provided to the stakeholders with the Integrated Report.

The Bank carries out the position of vice president of The Banks Association of Turkey (BAT) Sustainable Working Group. Communication is provided with Municipalities, Provincial Directorates of Environment, Urbanization and Climate Change within the Zero Waste Project scope. The “Memberships and Business Associations” section of the Integrated Annual Report describes the association memberships, related organizations, and supported activities.

The data collected under the ISO 14064 Greenhouse Gas Calculation and Verification standard are verified following the relevant standard. These data are used in the Integrated Annual Report, CDP Report, and Zero Waste System and shared with the public. Moreover, comparative data are available in the CDP Report and the Integrated Annual Report.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

In order to reduce the environmental impact of the Bank, the Environmental Policy also includes the commitments on

- Electricity consumption saving per square meter of 2% per annum,
- Natural gas consumption saving per square meter of 2% per annum,
- Mains water consumption saving per person of 2% per annum,
- Paper saving per person of 2% per annum,
- The Bank will reduce its total carbon and greenhouse gas emissions by 2%.

The efforts to determine the Bank’s targets within the science-based target guide framework specific to the finance sector, which was published by the Science Based Targets initiative in October 2020, will continue in 2022.

VakıfBank makes the utmost effort in its “sustainability” activities within the scope of its economic and social responsibility through its services to its customers, stakeholders, employees, and society. VakıfBank is aware of its responsibility to combat climate change globally and nationally and provides the necessary contribution. Therefore, the Bank seeks to reduce its carbon footprint within the scope of its environmental responsibility. In this context, VakıfBank has put the following principles into practice as of 2015:

- Supporting policies and national development plans to reduce greenhouse gas emissions by contributing to national draft policies and plans,
- Fulfilling not only the Bank’s global and national responsibilities but also being a role model in the Turkish Banking Sector for Environmental Sustainability at several platforms such as Istanbul Stock Exchange Sustainability Index, CDP, MidSEFF, TurSeff, and other initiatives,
- Continuous monitoring, transparent reporting, and improving GHG emission reduction performance since 2013.

VakıfBank is aware that climate change is a reality and that fighting/adaptation is a need. The Bank invests in R&D activities to develop and improve products that reduce third parties’ carbon footprint, such as mobile and internet banking. As part of the Branch Transformation Project, where it started to implement its new concept in the pilot branch as the first step of digital transformation, besides the physical structure; It has also simplified intra-branch transaction processes. It aims to increase the digital integration of processes by shortening long process steps. Thus, it supported the paperless banking model and sought to improve the customers habits towards alternative distribution channels in digital areas created within the branch.

The Bank serves to reduce the impacts and carbon footprint that occur during its operations. In this context, it monitors environmental performance with an electronic database system, monitors the energy, waste, and water data of the Headquarters and all branches through this system, and prefers to use high-efficiency products to reduce greenhouse gas emissions and energy consumption.

Total energy consumption data (excluding raw materials) are reported, and the energy consumption is included in the CDP Report and Integrated Annual Report as Scope-1 and Scope-2, by years.

In 2021, financing support of over TL 4.4 billion was provided for 22 renewable projects.

On the other hand, the Bank decided to offset all carbon footprints in 2019 due to environmental awareness. In addition, it has purchased more carbon credits than its total emissions, including Scope 3 emissions, and has become a Carbon-Negative organization as a leading organization in Turkey. In 2020, the proportion of electricity generated from renewable sources in the total electricity consumption was 25%, and in 2021 this proportion was raised to 80%.

Drinking and potable water consumption, which is included in environmental performance data, is monitored by an electronic database system.

Although the Bank is not included in any carbon pricing system, it closely monitors the subject’s developments.

VakıfBank attaches great importance to reducing its carbon footprint, so it offsets the entire carbon footprint, including Scope 1, Scope 2, and Scope 3. In 2020, it managed to reduce its carbon emission from 53,413 tCO₂e to 40,429 tCO₂e by carrying out a sensitive energy and emissions management. In return for this confirmed amount, VakıfBank has become a Carbon-Negative organization for two consecutive years by receiving “45,000 Verified Carbon Units” produced from clean energy sources.

The Bank’s environmental information is disclosed to the public within the scope of ISO 14001 Environmental Management System, Integrated Annual Report, Carbon Disclosure Project (CDP), and Zero Waste Project.

VakıfBank is also taking action to reduce its water footprint by calculating it and aims to report water data to the CDP (Carbon Disclosure Project) Water Safety Program by 2022.

SECTION 3 - SOCIAL PRINCIPLES

3.1. Human Rights and Employee Rights

VakıfBank, in its Human Rights and Employee Rights Policy, states that it makes the best effort to fulfill the basic principles of the United Nations Universal Declaration of Human Rights, to which Turkey is a party, and the International Labor Organization and the international conventions to which our country is a party, as well as the Labor Law. The Bank regulates employee rights and responsibilities based on the personnel regulations established under the Labor Law No. 4857 and the collective bargaining agreements signed between VakıfBank and the Bank Finance and Insurance Employees Union (BASS). These principles are available on the common portal accessible to all personnel.

VakıfBank provides equal opportunity to all candidates in recruitment processes. All recruitment processes are declared to candidates through public advertisements. Employment is provided after interviews are done with the candidates who are successful in the exam. In this process, the Human Rights and Employee Rights Policy emphasizes the importance of non-discrimination in women’s employment and inclusion issues. More than half of the bank personnel are female employees.

The Bank takes the necessary care to ensure equal opportunity for all its personnel. In addition to the Labor Law, the efforts made to fulfill the basic principles of the United Nations Universal Declaration of Human Rights and the International Labor Organization, to which Turkey is a party; VakıfBank made a commitment to these principles by signing the “Equality at Work Declaration” prepared in cooperation with the World Economic Forum under the leadership of the Ministry of Family and Social Policies in 2013, without discrimination under its Ethical Principles. In case of any situation regarding discrimination, inequality, human rights violations, and forced labor within VakıfBank, the Board of Inspectors evaluates the issue, and necessary actions are taken.

Child labor is not allowed in the bank. VakıfBank employs personnel under the Labor Law No. 4857.

VakıfBank employs personnel in accordance with the provisions of Labor Law No. 4857, and a Collective Bargaining Agreement is signed with the Banking, Financial, and Insurance Workers Union (BASS). In 2021, the proportion of employees covered by the collective bargaining agreement is 85%, and the employee are free to choose whether they are members of a trade union or not. The Bank carries out its activities to monitor its employees’ rights who are union members, especially the wages and working conditions. VakıfBank attaches importance to talent management and organizational backup processes with the principle of raising its manager. Senior management is regularly informed about the works carried out in this context and their results. Training and development activities are planned following the results of these studies.

Within the framework of the Human Rights and Employee Rights policy of the Bank, its primary purpose is to support the personal development of its employees through training activities by transparently and predictably managing career planning, performance evaluation, and remuneration processes.

The processes regarding wages, career, awards, and incentives within the scope of employee personal rights are operated by informing the employees in advance according to the criteria determined within the relevant regulations’ size.

The mechanisms through which the employees of the Bank can submit their complaints and disputes are the Ethics Commission and the Head of Board of Audit. The related instruments can be efficiently notified via the “ethics@vakifbank.com.tr” e-mail address and the Board of Audit-Notice page within the Bank’s applications. While evaluating the notifications, an objective and impartial attitude is displayed within the framework of confidentiality principles. As a result of the examination, it is ensured that the necessary measures are taken by including the related parties subject to the violation in the process.

The Bank’s Ethical Principles have been approved by the Board of Directors and published on the website. Within these principles, e-learning training on “Ethical Rules” is periodically assigned to employees.

VakıfBank’s activities within the scope of social investment, social responsibility, financial inclusion, and finance access are explained under Ethical Rules and Social Responsibility in the Corporate Governance Principles Compliance Report.

VakıfBank’s Occupational Health and Safety (OHS) Policy reflects the superior value it attaches to people and considers providing a safe and healthy work environment to its employees as one of its primary responsibilities. VakıfBank adopts compliance with international standards and legal requirements on OHS as an essential requirement in this context. Obtaining the ISO 45001 Occupational Health and Management System certificate, it managed to become the first bank establishing the Integrated Management System (ISO 9001-ISO 14001-ISO 45001) and obtaining the certificate after the Integrated Certification Audit in Turkey. It has successfully undergone the 2021 interim audits and ensured the sustainability of the Integrated Management System.

With the increasing complexity and variability with digital transformation, VakıfBank proceeds to strengthen its security systems to protect personal data and ensure data security, mainly to keep the defense against cyber-attacks at the highest level.

Within the scope of ESG policies, VakıfBank provides training to its employees on professional/technical and personal development to improve their knowledge and skills and improve their workflows. Pieces of training at the Bank are planned on a role-based basis. All employees are provided with equal opportunities to participate in the training. Positive discrimination is applied to women employees who are pregnant and have small children in their participation in compulsory training.

“Integrated Management System and Auditor” pieces of training are given to the environmental representatives of the Bank in the classroom / virtual classroom environment. The training content includes “Sustainability,” “ISO 9001,” “ISO 14001,” and “ISO 45001.” In addition, “ISO 9001 Quality Management System” and “ISO 14001 Environmental Management System” e-learning training are periodically assigned to employees to increase all employees’ awareness on this issue.

In addition, PDPL training, which is prepared to inform employees within the scope of Personal Data Protection Law, is assigned as mandatory e-learning training to all employees.

In-class and video pieces of training support employees’ development in customer relations and customer experience, strengthen communication between customers and employees, and increase customer satisfaction.

Training on “Occupational Health and Safety” is provided as in-class and e-learning training as compulsory training for all employees.

In-class / e-learning training on “Suppression of Money Laundering and Terrorist Financing” is compulsory education. E-learning trainings under the heading of “Fraud” with the direction of the relevant department are assigned to employees through the training portal.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

3.2. Stakeholders, International Standards and Initiatives

VakıfBank conducts its activities in sustainability, considering the needs and materiality of all stakeholders. In this context, VakıfBank Customer Satisfaction Policy was created. The policy document in question was published on the website in Turkish and English.

In addition, Stakeholder Dialogue activities were carried out under the supervision of an external expert consultant organization to shape strategic sustainability issues with stakeholders’ views within the scope of the Integrated Annual Report of 2019. Following the materiality of our stakeholder groups in accordance with the Integrated Reporting and Accountability AA1000SE standard, to provide input into our strategies, we have carried out a stakeholder dialogue by keeping in touch with the representatives of our stakeholder groups, including senior management, employees, affiliates’ employees, shareholders, unions, public institutions, customers, investors, financial analysts, suppliers, non-governmental organizations, universities, and the media. At the Stakeholder Dialogue Meeting, the participants were informed about sustainability and integrated reporting. The opinions of the participants were obtained with a detailed questionnaire prepared about VakıfBank. A specially prepared questionnaire was sent to stakeholders who could not participate in the stakeholder dialogue meeting via e-mail, and responses were received. Finally, relevant stakeholder groups were contacted through phone calls after the items related to financing sustainability were added to the questionnaire questions.

In evaluating the opinions we receive from our stakeholders and stakeholder dialogues we organize with an integrated reporting focus, we also benefited from the results of research, practices, and dialogues carried out by our bank or external institutions and implemented for different purposes. We have also considered the outcomes of meetings with our managers in various departments, trends leading the industry, the United Nations Sustainable Development Goals, the United Nations Global Compact, the Carbon Disclosure Project, and international guiding principles outcomes in the field of sustainable development.

In addition to our stakeholders’ opinions, we have considered our strategies and employee and senior management views to set material topics for our Bank and relate them to stakeholder material topics. In light of all these studies and our material topics, we have also determined our Sustainable Development Goals priorities: Quality Education, Gender Equality, Decent Works and Economic Growth, Industry, Innovation, and Infrastructure and Reduced Inequalities.

In this new era, where reliable sustainability indicators are an integral part of investment decisions, public disclosure and transparency determine the basis of communication with investors. In this context, ESG provides a strategic tool for analyzing rating agencies and trading in sustainability indexes, conveying and continuously improving the Bank’s ESG performance. VakıfBank has been included in the BIST Sustainability Index since 2014, which consists of the most sustainable companies in Turkey traded on Borsa Istanbul, based on its financial, environmental, social, and corporate governance performance.

We have also been included in the FTSE4Good Emerging Markets Index since 2017, which selects companies that meet globally recognized corporate responsibility standards.

VakıfBank was selected for the third time with a higher score in the Bloomberg Gender-Equality Index (Bloomberg GEI), which conducted the most significant gender equality research globally and maintained its continuity in the index in 2022.

Detailed information about the organizations that the Bank is a signatory and a member of is included under the heading Memberships and Cooperations in the “Our Social and Relational Capital” section of the Integrated Annual Report.

SECTION 4 - CORPORATE GOVERNANCE PRINCIPLES

VakıfBank stated that it is in full compliance with the mandatory Corporate Governance principles within the scope of Corporate Governance Communiqué numbered II.17.1 and aims to comply fully with non-compulsory corporate governance principles. However, the principles that have not been adapted yet are explained in detail in the Corporate Governance Principles Compliance Report’s relevant sections.

Putting the sustainable banking approach at the center of its business strategies, VakıfBank aims to realize its banking activities at international sustainability standards and to increase the value permanently it adds to all its stakeholders, society, and the environment, and to become a globally competitive bank with sustainable profitability and development principles.

As stated in the sustainability policy of the Bank, an understanding based on sharing the long-term values it creates with the shareholders, customers, employees, and other stakeholders fairly is adopted under the principles of accountability and transparency. The Bank aims to create a modern work environment where human rights are respected, social justice is ensured. Right to work is continuously improved and increases the awareness of its employees, customers, and all other stakeholders on sustainability by spreading this understanding.

VakıfBank has determined medium and long-term strategies that protect customers and all other stakeholders’ interests with its sustainable banking approach. In addition, the Bank holds Stakeholder Dialogue Meetings at regular intervals. In this direction, stakeholders are informed about sustainability. The stakeholders’ views are integrated into the Bank’s strategy, taking into account the Bank’s employee and senior management strategies.

Through social responsibility projects, awareness activities, and training for employees throughout the year, much emphasis is placed on raising awareness about sustainability within and outside the bank.

VakıfBank is a member of international standards and organizations on sustainability and voluntarily contributes to efforts and supports initiatives in this area.

In addition to being against all kinds of bribery and corruption, we are determined to comply with the relevant laws, regulations, and principles. Issues such as laundering proceeds of crime and fighting financing of terrorism, and preventing the use of the financial system by criminals are also among the main areas that we focus on. VakıfBank’s Anti-Bribery and Anti-Corruption Policy is available on the website <https://www.vakifbank.com.tr/Default.aspx?pageID=2783> In addition, the subject of “Anti-Bribery and Anti-Corruption” is included in the Ethical Principles of the Bank.

Yours sincerely;

Dilek YÜKSEL
Chairman

Abdülkadir AKSU
Board Member

Sadık YAKUT
Board Member

Ali TAHAN
Board Member

Korhan TURGUT
Board Member

STATUTORY AUDITOR’S REPORT

Türkiye Vakıflar Bankası T.A.O. Auditors’ Report was prepared in accordance with the Article 31 of Türkiye Vakıflar Bankası T.A.O.

Auditors’ Report was prepared in accordance with the Article 31 of Türkiye Vakıflar Bankası T.A.O. Articles of Incorporation and presented to you.

The Bank is open to public scrutiny and periodically audited by the Banking Regulation and Supervision Agency (BRSA) and the Court of Account as well as the Independent Auditing Firm pursuant to Article 30 of the Articles of Incorporation.

In 2021, the Bank

- increased its assets by 44% to TL 1,007.213,697 thousand and increased its loans, which have the most important share with 57%, to TL 573,700,310 thousand by increasing by 36%.
- increased its deposit by 43 % to TL 590.943.387 Thousand in order to expand it to the base. In this context, it increased its demand deposits by 81% reaching the amount of TL 145,883,472 thousand; and savings deposits by 56% reaching the amount of TL 241,249,058 thousand.

The Bank’s Capital Adequacy Ratio, which profited TL 4,175,464 thousand in 2021, is at the level of 14.85%.

Providing service with a total of 940 branches and 16,929 personnel, the Bank continued to support the economy with its strong funding sources and structure. The development of the staff is supported by trainings given by the Bank’s Corporate Academy and 564,193 person/hour training was given to employees in 2021.

The financial information regarding the annual activities of the Bank, is presented in conformity with the procedures and principles in force under Banking Law numbered 5411, Turkish Commercial Code numbered 6102, Capital Market Law numbered 6362, generally accepted accounting principles, relevant legislation and the Regulation on Banks’ Internal Systems and Internal Capital Adequacy Assessment Process.

The internal systems departments of the bank consist of the Board of Auditors Department, the Internal Control Department, the Risk Management Department and the Compliance and Regulation Department. It is observed that,

- Within the framework of the risk-focused audit plan; audit activities are carried out in a way that they include domestic and international branches, business departments and partnerships subject to consolidation,
- The risks the bank is exposed to, and the controls related to them and the results of the risk assessment are presented to the Audit Committee,
- Audits and assessment were made to check whether the companies providing the Bank with support services comply with the stipulated terms and conditions.
- Within the scope of compliance checks; the legislation regarding the banking activities and the developments regarding the banking practices are followed up and their effects on the banking activities are evaluated, the measures to be taken by the Bank and the changes to be made in the Bank’s internal legislation and practices are determined, and the efforts to harmonize with the legislative changes in the Bank are coordinated, the actions taken by the relevant business departments as well as the new products and services are monitored and controlled in terms of the compliance with the legislation, efforts to comply with FATCA and CRS legislation is coordinated; corporate policies and procedures regarding risk management, monitoring and control, training and internal auditing, which are enforced within the scope of MASAK are formed.

The transactions carried out at the bank are examined through monitoring and control programs; the results of the analysis are analyzed and necessary notifications are made in line with the reporting obligation, and in this context, it is ensured that all transactions and activities of the Bank are carried out in accordance with the legal regulations regarding the prevention of laundering proceeds of crime and financing of terrorism,

- The Board of Directors’ Declaration of 2021, which was prepared in accordance with the BRSA’s circular and communiqués and includes evaluations regarding the internal control system, was approved by the Board of Directors and shared with the Independent Auditing Firm by the relevant departments.

As a result; it is understood that the internal control, internal audit and risk management systems established by the bank are operated effectively, adequately and appropriately, and the studies and trainings to prevent and detect fraudulent transactions are carried out.

Yours sincerely,

Hasan TÜRE	Mehmet Emin BAYSA
Member of the Audit Board	Member of the Audit Board

ASSESSMENT OF THE INTERNAL SYSTEMS AND 2021 OPERATIONS

INTERNAL AUDIT ACTIVITIES

With the Board of Directors’ authorization, the Board of Audit carries out independent and objective assurance and consultancy activities to improve the Bank’s activities and add value. Its primary purpose is to establish and operate the internal audit system, which is to assure the senior management regarding the effectiveness and adequacy of the governance, internal control, and risk management systems, as well as the fact that the Bank’s activities are carried out in line with the Banking Law and other relevant legislation and the Bank’s strategies, policies, principles, and objectives.

From this point of view; Assessing the compliance of the activities of the Bank’s Head Office Departments, domestic and foreign branches, affiliates, and subsidiaries, including the departments within the scope of internal systems, and the activities of individuals and organizations from which support services are received, with the Banking Law and other legal regulations and internal legislation, strategy, policy, principles, and targets,

Conducting audits within the framework of the practices aimed at the accuracy of financial data, the protection of resources, and the effectiveness and adequacy of governance, internal control, and risk management systems.

In addition, carrying out investigations regarding the personnel’s irregular and illegal transactions and the fraud and fraudulent transactions of third parties against the Bank.

Assurance work carried out by the Audit Board Presidency is conducted in two different ways: on-site Audit and centralized control. On-site auditing activities are carried out in departments, branches, subsidiaries, affiliates, and individuals and organizations from which support services are provided within the framework of the annual audit plan and prepared in line with the objectives and strategies of the Bank and with a focus on resources. Centralized control is carried out by applying information technology-supported remote auditing techniques to detect situations that may pose risks in branches and departments and take measures quickly.

Internal controls on information systems and banking processes are assessed with a risk-oriented perspective, based on materiality criteria, and reasonable assurance is given by obtaining audit evidence for the audited controls’ effectiveness and adequacy.

The accuracy of the data used in the Internal Capital Adequacy Assessment Process Report, the adequacy of the systems and processes, and whether or not the data, systems, and methods enable accurate information and analyses are audited within the framework of the procedures and principles determined by the Audit Board.

Compliance with the ISO 9001 Quality Management System, 14001 Environmental Management System, ISO 27001 Information Security Management System, and ISO 22301 Business Continuity Management System is assessed in the branches and headquarters departments that are audited within the scope of the annual audit plan.

In the light of the audits, Audits, and investigations conducted by the Audit Board; proposals are made for the correction of any detected issues, for taking measures to prevent similar events, for improving the processes, and for enhancing the internal control system, while the actions taken regarding these issues are followed up.

The corrective actions taken by the business departments on the action dates are checked; if the corrective action is sufficient to eliminate the finding, the finding is closed; if it is not sufficient, the action date is followed.

The projects entered by the business departments to eliminate the issues determined by the audits are evaluated as to whether the project’s scope is sufficient to eliminate the finding. In case of deficiencies or errors, the relevant business department is informed to ensure its correction.

The auditors provide training to the Bank’s staff on various issues that are needed and requested.

Within the framework of the principle of continuous professional development, in-Bank and non-Bank trainings that contribute to the professional and personal development of auditors are organized, and training is provided primarily to encourage the acquisition of international certificates.

The Board of Auditors was awarded the “Certification Awareness Award” for attaching importance to Internal Auditor Certification and the “Continuous Professional Development Awareness Award” for carrying out the work on creating the trained workforce needed by the internal audit profession and developing the profession at the “Awareness Award Ceremony” organized by the Turkish Institute of Internal Audit (TIDE) to raise awareness of internal audit.

Other than that, training of Auditors are provided before Audit activities that require expertise.

Within the scope of the 2018 Internal Audit Program; the audit of 372 Branches and 40 Affiliated Branches and the Audit of Compliance with ISO 14001 Environmental Management System in these Branches; the audit of 21 Head Office Business Departments and 2 Head Office Information Systems Departments, and their affiliated Directorates, information system in 1 Subsidiary, information system in 21 Persons and Organizations from which Support Service is purchased, Internal Capital Adequacy Assessment Process (ISEDES); the audit of 3 Subsidiaries; the audit of the Penetration Test Action Plan Compliance Controls, Bades Action Plan Compliance Controls, BS Audit Action Plan Compliance Controls, information systems processes along with the provisions of the Regulation on Banks’ Information Systems and Electronic Banking Services; the audit of Risk Center; the audit of Annual Evaluation of Persons and Institutions from which Support Services are Received; the ISO 22301 Business Continuity Management System and ISO 27001 Information Security Management System Audit; the Swift Control Audit; the Remote Authentication Compliance Audit; the Identity Sharing System Audit; the Electronic Banking Services Audit; the Valuation Service Compliance Audit and Call Center Processes Audit; the Information and Communication Security Guide Audit; and Prevention Plan Studies have been completed.

ASSESSMENT OF THE INTERNAL SYSTEMS AND 2021 OPERATIONS

INTERNAL CONTROL ACTIVITIES

The Internal Control function is structured to ensure establishment and coordination of a healthy internal control environment; protection of the Bank’s assets; effective and efficient performance of the activities in conformity with the Banking Law and relevant legislation, internal policies and rules as well as banking practices, reliability and integrity of the accounting and financial reporting system; and timely accessibility of information. Accordingly, the Bank’s domestic and foreign branches and head office departments are subject to internal control activities based on a risk-centered approach. As part of the measures taken due to the Covid-19 pandemic, which has affected the entire world in 2021, control activities have been carried out remotely and on-site.

According to risk conditions, domestic branch controls, carried out by Internal Control Department, are conducted on-site or from the Head Office within the control programs’ framework every year. Additionally, real-time controls are carried out for transactions performed at branches. In 2021, internal control activities were carried out in all existing domestic branches of our Bank, in 5 subsidiaries subject to consolidation, in 31 Head Office departments.

Periodic checks are carried on 30 control points within the scope of the continuous checks carried out by the Information Systems Internal Control Department regarding the activities carried out by the information system departments of our Bank. In addition, within the scope of department controls, information systems control activities were carried out in 5 information systems departments and 5 partnerships of our Bank subject to consolidation, which were included in 2021 Information Systems Internal Control Plan for information systems departments.

Findings and recommendations under all these control activities are reported and shared with the relevant departments as the actions taken are monitored. Internal controls on information systems and banking processes are assessed with a risk-oriented perspective, based on materiality criteria, and reasonable assurance is given by obtaining audit evidence for the audited controls’ effectiveness and adequacy.

The Internal Control function controls the distribution of roles and responsibilities and the functional classification of tasks to identify, measure, and prevent the Bank’s risks; sets up auto-control mechanisms in all processes, procedures, and projects to be deployed in a manner that will cover potential risks; and establishes and enhances system controls. Activities are carried out to increase the effectiveness of control activities and minimize operational risks. In conformity with the objectives and strategies of the Bank, changing needs, risks, regulations, and technological developments are followed. Necessary adjustments and updates are made to ensure the effectiveness and functioning of the internal control system. Activities continue with the aim of enhancing the internal control culture in the Bank.

COMPLIANCE DEPARTMENT’S ACTIVITIES

Compliance and Regulation Department carries out activities to fulfill the responsibilities stipulated in the Financial Crimes Investigation Board (MASAK) legislation within the scope of the Prevention of Laundering Proceeds of Crime and Financing of Terrorism and Proliferation of Weapons of Mass Destruction, and to comply with international principles and rules on the same. In this context, pursuant to the “Regulation on Compliance with Obligations Related to the Prevention of Laundering Proceeds of Crime and Financing of Terrorism,” the necessary policies and procedures are established for

the identification, classification based on risk categories, and monitoring of customers, and notification of suspicious customer transactions to ensure that the Bank fulfills its obligations. It is checked whether the policies and procedures in question have been implemented and opinions/ approvals are given for the transactions of risky sectors and countries. Necessary investigations and evaluations are carried out within the framework of a risk-based approach about transactions that may be suspicious in the Bank that are transmitted through branch, etc. channels or detected within the scope of monitoring and control activities and the transactions that are deemed to be suspicious are reported to the Financial Crimes Investigation Board (MASAK). For the purpose of sound monitoring of international sanctions by the Bank, the Sanctioned List, which compiles the sanctions decisions of international institutions and organizations such as the United Nations, the European Union, OFAC, etc., is used for queries and controls. Compliance-related duties and activities are performed in coordination to prevent laundering the proceeds of crime and financing of terrorism at domestic and foreign branches of the Bank. The follow-up of the compliance risks that may arise from the foreign regulations and the control of compliance with these regulations of the foreign branches that are subject to the compliance program established by the Bank in accordance with the legislation of the country in which they operate are carried out by a staff member in respect of each branch. The activities as mentioned earlier are carried out in coordination with business departments. In-class and online training courses are regularly provided to the Bank’s employees to constantly raise awareness and strengthen the culture of preventing the laundering of crime proceeds and financing terrorism.

LEGISLATION MONITORING AND EVALUATION ACTIVITIES

The Compliance and Regulation Department carry out activities to effectively and efficiently monitor relevant legislation on banking activities and manage the compliance process.

Recent developments in legislation and banking practices related to banking activities are monitored; the impacts of legislation changes on the banking activities are interpreted. Within this scope, the measures to be taken by the Bank and the affiliates of the Bank in relation to the services provided by the Bank and the changes to be made in the Bank’s internal legislation and practices are identified, and written information is provided to the relevant departments and it is followed and requested that the necessary measures are taken. Furthermore, relevant departments are informed on draft banking regulations, and thus necessary procedures are initiated before they enter into force.

Tasks for regulatory compliance controls are carried out within the scope of the “Regulation on Banks’ Internal Systems and Internal Capital Adequacy Assessment Process.” Accordingly, compliance with regulatory changes are coordinated; measures taken, practices changed, and internal procedures formulated to align the Bank’s internal policies and practices with such regulatory changes are monitored and controlled in terms of regulatory compliance; necessary corrections and changes are made; essential measures are taken to ensure prompt and full compliance with laws; controls are performed for regulatory compliance of new products and services, and the process of updating the internal procedures and guidelines are coordinated within the Bank.

Notification and coordination processes are run to ensure the Bank participates in the meetings held by the Banks Association of Turkey. The Bank also joins, together with relevant functions, the Working Groups formed within regulatory compliance activities. Participation is ensured in the meetings of Working Groups. When the Association requests the Bank’s opinion on a specific subject, ideas are gathered from business departments and are evaluated to express a statement on behalf of the Bank. Information on the activities carried out under the Association, regulatory arrangements communicated by the Association, and instructions and information received from the Agency are all disseminated to relevant business departments, and actions taken are monitored.

There are agreements in place on exchanging information between the Republic of Turkey and the United States of America and with OECD countries to enhance international tax compliance. Legislation regarding these agreements is monitored. Relevant business departments are assigned to ensure compliance with such legislation. The efforts undertaken by business departments are followed up. Measures include those in compliance with the Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS).

Within the scope of the obligation that the detailed justifications to be prepared for complying with all the principles contained in the Good Practice Manuals and the principles which are partially implemented or not fully implemented are presented every year together with the submission of the Internal Capital Adequacy Assessment Process (ISEDES) reports to BRSA; the practices of the Bank which is designated as “Systemically Important Banks” and its policy documents are monitored and controlled to ensure that they are in full compliance with all the principles specified in the Good Practice Manuals. The relevant business departments are coordinated to make changes and corrections when necessary.

Besides, our employees assigned at those branches in charge of the matters mentioned earlier and reporting on compliance monitor compliance of foreign branches with the legislation in their respective countries.

In line with the activities of the Department, it is aimed to support the Bank’s compliance with the applicable laws and other relevant regulations, the Bank’s internal policies and procedures, organizational management and ethical standards, and to protect the Bank’s reputation and integrity through compliance with all legal regulations.

In order to ensure the Bank’s full compliance with sustainability-related regulations, to prevent environmental problems such as climate change and uncontrolled waste, the legislation regulations published by the Ministry of Environment, Urbanization, and Climate Change and other relevant institutions and organizations are closely followed, the relevant departments are informed about the issue, and the United Nations contributes to the 2030 Sustainable Development Goals.

SUMMARY INFORMATION ON IMPORTANT LEGISLATION REGULATIONS PUBLISHED IN 2021

The arrangements have been made for not collecting any kind of funds for the benefit of persons or organizations within the scope of the Law No. 7262 on the Prevention of Financing the Proliferation of Weapons of Mass Destruction and the decisions taken by the United Nations Security Council or the persons or organizations controlled directly or indirectly by them, or for not allowing them to enter into business partnerships or other business relationships in Turkey.

The regulations on the concept of “Financial Group” have been made in the Law on the Prevention of Laundering of Proceeds of Crime No. 5549.

ASSESSMENT OF THE INTERNAL SYSTEMS AND 2021 OPERATIONS

In addition, the procedures and principles regarding the regulations made by the Law are determined with the Regulation on the Application of the Law on the Financing of the Proliferation of Weapons of Mass Destruction, the Regulation Amending the Regulation on the Procedures and Principles on the Application of the Law on the Financing of Terrorism, the Regulation Amending the Regulation on Compliance Program with Obligations for the Prevention of Laundering Proceeds of Crime and Financing of Terrorism, and the Regulation Amending the Regulation on the Measures on the Laundering of Proceeds of Crime and the Prevention of the Financing of Terrorism subsequently published by the by the Ministry of Treasury and Finance.

The Law on Amendments to the Financial Leasing, Factoring and Financing Companies and Some Other Laws No. 7292 has amended the name of the Law on Financial Leasing, Factoring and Financing Companies No. 6361 has been changed to the Law on Financial Leasing, Factoring, Financing, and Savings Financing Companies, and savings and financing companies have also been included within the scope of Law no. 6361, and in this context, a number of regulations have been introduced for savings and financing companies on issues such as the minimum amount of capital, the field of activity, the minimum amount of capital for leasing companies, factoring companies and financing companies has been increased from TL 20 million to TL 50 million, those who carry out saving financing activities have been provided time to comply with the regulations introduced by applying to the Banking Regulation and Supervision Agency.

In addition, for the purpose of implementing the provisions on savings financing companies introduced by this Law, the Regulation on the Foundation and Operating Principles of Savings Financing Companies was published by the Banking Regulation and Supervision Agency within the period.

The Law on the Restructuring of Some Receivables and Amendments to Some Laws No. 7326 introduced the possibility of restructuring the taxes, official duties and tax fines, customs duties and administrative fines, insurance premiums, community insurance premiums, pension deduction and its corporate provision, unemployment insurance premium, social security support premium, various administrative fines, and all kinds of accessories thereof, such as interests, hikes, delay hikes, delay interests, penal interests, delay penalties related to the said receivables.

The Law Amending the Law on the Procedure for the Collection of Public Receivables and Some Other Laws No. 7316 increased the corporate tax rate to 25% for 2021 and to 23% for 2022, starting with the declarations due from 01.07.2021 and being valid for corporate earnings for the taxation period starting from 01.01.2021.

-With Presidential Decree No. 4299, it was decided to extend the implementation period of the provisional Article 32 for two years, which regulates the procedures and principles related to financial restructuring that were added to the Banking Law No. 5411 by Law No. 7186 dated 17.07.2019.

The Regulation on Remote Identification Methods to be Used by Banks and Establishing a Contractual Relationship in Electronic Environment determines the procedures and principles for establishing a contractual relationship in such a way that it replaces the written form via an IT or electronic communication device, whether it is remote or not, for remote identification methods that can be used by Banks to acquire new customers, as well as for banking services that will be offered after the identification of the customer.

The Regulation on the Sharing of Confidential Information determines the scope, form, procedures, and principles related to the sharing and transfer of information that is a Bank secret and a customer secret.

The Guide on Credit Allocation and Monitoring Processes describes the best practices expected from banks on credit risk management and identifies the issues related to internal management regulations and procedures of banks, risk management practices, policies, processes, and procedures related to credit allocation and monitoring of live loans, as well as their integration into general management and risk management systems during the life cycle of loans and credit allocation processes.

The Problematic Receivables Resolution Guide provides explanations for the expected good practices from Banks to determine, monitor, and analyze their restructured and frozen receivables within the scope of risk management systems and to manage assets acquired due to receivables.

The General Communiqué of Financial Crimes Investigation Board (No: 19) regulates the procedures and principles regarding remote identification methods to be used for the purpose of verifying the identity of the customer in order to implement the Law on the Prevention of Laundering of Proceeds of Crime No. 5549.

Presidential Decree No. 3941, amending the Regulation on Measures to Prevent Laundering of Proceeds of Crime and Financing of Terrorism, adds crypto asset service providers and saving financing companies as obligation holders in the Regulation on the implementation of the Law on Prevention of Laundering of Proceeds of Crime No. 5549.

The Regulation on Prohibition of Use of Crypto Assets in Payments establishes the procedures and principles on the prohibition of the use of crypto assets in payments, the prohibition of the direct or indirect use of crypto assets in the provision of payment services and the export of electronic money, and the prohibition of payment and electronic money institutions to mediate the purchase, storage, transfer or export of crypto assets to platforms offering services or the fund transfers to be made through these platforms.

The Communiqué on Supporting the Transfer of Turkish Lira Deposits and Participation Accounts and the Communiqué on Supporting the Transfer of Turkish Lira Deposits and Participation Accounts from Gold Accounts determine the procedures and principles related to the support to be provided to depositors if the foreign currency and gold denominated deposit accounts of a real person residing in Turkey are converted into Turkish lira term deposit accounts. The Presidential Decrees numbered 4970 and 5046 set the withholding rate to be applied on the deposit accounts in question as 0% (zero percent).

-The Presidential Decree No. 2021/15 on the Green Reconciliation Action Plan states that the “Green Reconciliation Action Plan” will be prepared by the Ministry of Commerce in cooperation with public and private sector institutions and organizations for the purpose of contributing to the transition of our country to a sustainable, resource-efficient, and green economy and ensuring compliance with the changes envisaged by the European Green Agreement in a way that protects and further the integration provided for under the Turkish-EU Customs Union, and the aforementioned Plan was published by the Ministry of Commerce on its website.

The Sustainable Banking Strategic Plan has been published by the Banking Regulation and Supervision Agency in relation to the action “3.2.5. Defining a roadmap for the development of sustainable banking” of the Green Reconciliation Action Plan.

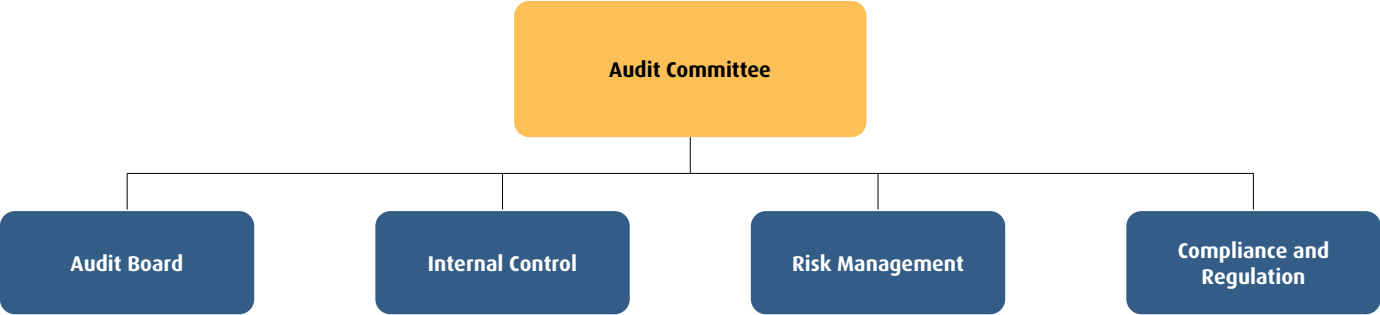
The Fifth Strategic Plan (2022-2024) has been published by BRSA within the framework of the main objectives of increasing the effectiveness of regulation, audit, and implementation activities, implementing policies related to maintaining trust and stability in financial markets, strengthening the corporate structure, and strengthening practices for those who use financial products and services.

OTHER INFORMATION RELATED THE BANK AND ITS ACTIVITIES

There are no lawsuits filed against the Bank that could affect the Bank’s financial status and activities.

RISK MANAGEMENT

WE FOCUS ON RISK MANAGEMENT, WHICH IS AMONG OUR MATERIAL TOPICS, **IN ACCORDANCE WITH LEGAL REGULATIONS, INTERNATIONAL REGULATIONS, AND STANDARDS.**



Along with the changing regulations, globalization and technological developments affect the nature of the banking sector’s risks, as in the other sectors. Therefore, adapting to the risk environment that changes faster than ever figures a vital role in long-term sustainable growth. Accordingly, we see risk management, one of the building blocks for the follow-up of banking sector activities, as an important tool to adapt to constantly changing environments.

We handle risk management, which is among our material topics, under legal regulations, international regulations, and standards. We manage risk management and internal control processes through the Board of Auditors, Internal Control, Risk Management, and Compliance and Regulation Departments, which the duties and responsibilities are determined under the regulations of the Banking Regulation and Supervision Agency (BRSA) and working in harmony, under the supervision and control of the Audit Committee.

The primary responsibility in the risk management is under the Risk Management Department, and IT Compliance Department is assigned to the field of risks from Information Technologies (IT). We also have Market Risk Management Committee, Credit Risk Management Committee, and Operational Risk Management Committee.

By improving the risk culture throughout the corporation in parallel with the changing operating environment and risk perception, we identified the risks as follows by weighing the materiality principle to contribute to the realization of the mission and vision of our Bank and to ensure its existence healthily, practicing the best risk management practices accepted nationally and internationally.

- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Counterparty Credit Risk
- Interest Rate Risk Arising From Banking Accounts
- Residual Risk, Concentration Risk, Sovereign Risk, Reputation Risk, Earthquake Risk, Climate Risk

Policies define these risks, and we carry out monitoring, measuring, and reporting activities within this framework. We make risk calculations based on financial statement projections in accordance with the methods specified for risk types.

In addition, we carry out validation and monitoring activities of credit risk parameter models used in the process of internal rating and TFRS 9 provision calculations throughout the bank.

In line with these risks, we also conduct various sensitivity analyzes, internal scenario analyzes, stress tests, and related studies to recognize the risks in more detail.

In our bank, we conduct stress tests on portfolios and activities, on a solo and consolidated basis, at the particular and universal levels. We establish specific stress test applications with sensitivity and scenario analyzes particular to a portfolio of activity and universal stress test applications in a way that enables the Bank’s risks to be seen in an integrated perspective. Relations between risks are taken into account by the correlation effect, and connections between portfolios are considered with the diversification effect. Depending on their characteristics, risks subject to stress testing are applied daily, weekly, monthly, or annually.

Risk factor shocks that can be exemplified as changes in the general level of interest rates, shifts in the probability of default, decrease in the creditworthiness of counterparties with which our Bank operates, adverse changes in liquid asset values, legislative changes that may affect operations, significant volatility in financial markets, operational loss conditions, increase in activity concentrations are applied to specific portfolios and activities by one or more of them.

Moreover, we present our determinations and suggestions to the Senior Management by conducting studies on establishing the infrastructure for managing reputational risk, ensuring the strengthening of inadequate and incomplete controls through Impact Analysis studies in which business processes are analyzed. According to the Risk Rating Scale, we determine the risk level by weighing the effects of the risks that are likely to occur under the headings of financial loss, legal liability, customer satisfaction, and reputation. We monitor the implementation of the Audit Committee’s decisions and the Board of Directors regarding the previous work results. Additionally, we consider the reputational risk in the “Support Service Risk Analysis Reports” prepared for the support services to be received and the evaluations of new products/services/ projects to be implemented in our Bank.

We analyze the risks caused by climate change and continue our studies on this issue. In this context, as a result of our Bank’s lending activities, we carry out studies to determine and measure portfolio risks within the framework of both physical risks and transition risks related to climate risks and to measure the effects of physical risks such as excessive rainfall, floods, and droughts related to the places where operational activities are performed.

For the management of technology-related risks, an assessment of IT Risks for IT assets and the preparation of an IT Risk Asset Inventory are conducted and submitted to the Board of Directors every year in our Bank. Annual Emergency Tests are carried out by using the results of service criticality levels obtained in the results of IT risk assessments and Business Impact analyses. With the Emergency Tests operations, the risks that may occur in the event of an emergency situation in Very Critical and Critical services are simulated and tests are carried out.

In addition to these, we have established the Corporate Risk Management Procedure to coordinate and ensure the effectiveness of the procedures and activities set within the framework of the Quality and Environmental Management System to evaluate the internal and external risks that our Bank may encounter and to take necessary measures, as well as to identify the opportunities that may occur with the conjuncture and to provide the awareness required in the whole organization.

During this period, our Risk Management Department continued to prepare the Covid-19 Risk Bulletin and share it with senior management. The Covid-19 pandemic is expected to affect which risk categories and how it is anticipated through the relevant bulletin. Recommendations were made regarding the measures that can be implemented. Further, the scenario weights used in TFRS 9 provision calculations were revised, increasing the pessimistic scenario’s effectiveness.

Risk Management Policies Applied by Risk Type
Risk management activities continued in 2021 in line with the Bank’s risk management policies prepared as per national legislation and international practices and approved by the Board of Directors of the Bank.

Risk management practices are implemented through policies, action plans, implementation procedures, and limits determined for the quality and level of the Bank’s activities depending on the Bank’s risk-return structure. They include identifying, measuring, and reporting incurred risks on unconsolidated and consolidated bases and monitoring the total required capital and liquidity adequacy regarding risk profiles.

Policies and other documents are prepared as per the Banking Regulation and Supervision Agency (BRSA)’s “Regulation on Bank’s Internal Systems and Internal Capital Adequacy Assessment Process” and “Good Practice Manuals.” They are periodically reviewed and updated if necessary.

In 2021, efforts continued to follow up and monitor national and international regulations regarding risk management & capital adequacy, and relevant developments. In line with economic developments and expectations, daily scenario analyses on the capital adequacy ratio and monitoring and analysis activities for the standard ratio of interest rate risks arising from banking accounts and the liquidity coverage ratio were also carried out in 2021. The stress test reports issued at the end of each month covering all risk factors were regularly reported to the Bank’s top management.

An “Internal Capital Adequacy Assessment Process (ICAAP) Report” was issued and submitted to the Banking Regulation and Supervision Agency in 2021, pursuant to the Regulation on Bank’s Internal Systems and Internal Capital Adequacy Assessment Process and “Good Practice Manuals.”

In accordance with Article 66/A of the Banking Law No. 5411 and the “Regulation on Preventive Plans to be Prepared by Systemically Important Banks” published on March 16, 2021, by the BRSA, a “Preventive Plan Report” was prepared with the participation of the relevant departments in coordination with the Risk Management Department and the Strategy and Planning Department and submitted to the BRSA.

RISK MANAGEMENT

The “Risk Appetite Statement” was updated in 2021, which determines the level of risk that the Bank is ready to take based on the risk capacity the Bank is anticipated to bear at a safe level to realize the Bank’s objectives and strategies. The Bank, in addition to the capital adequacy ratios, has determined Risk Appetite Levels for the first structural block risks (Credit Risk, Market Risk, Operational Risk, Counterparty Credit Risk) and second structural block risks (Interest Rate Risk in the Banking Book, Liquidity Risk, Concentration Risk, and Other Risks) as determined by the BRSA in line with Basel regulations. The capital-based in the Risk Appetite Statement, liquidity and risk concentrations established in the statement and risk-based limits are regularly monitored.

Studies to calculate the market risk through the “Value at Risk (VaR)” model and to improve this model continued.

Within the scope of operational risk management, data on operational losses are collected, including subsidiaries and affiliates, to make a consolidated analysis. Operational Risk Analysis reports, which include breakdown and evolution of data regarding losses, continued to be prepared and shared with the Senior Management. Furthermore, impact analysis activities for banking business processes were completed in 2021.

Market Risk

The market risk from trading transactions is measured and monitored using standard methods and internal models in conformity with national and international practices. Market risk is managed in accordance with the “Market Risk Management Policy Document.”

Market risk measurement results are calculated monthly on unconsolidated and consolidated bases by using the standard method under the provisions of the “Regulation on Measurement and Assessment of Capital Adequacy of Banks” and reported to the Bank’s senior management and the Banking Regulation and Supervision Agency. The portfolio, which is used in the calculation, is determined under the Bank’s Trading Strategy, Policy and Implementation Procedures Document.

Moreover, VaR (Value at Risk) calculations are made on a daily basis and reported accordingly. “Value at Risk” is calculated through a unilateral 99% confidence interval daily using historical simulation and Monte Carlo simulation. Daily tests are made retrospectively (backtesting) to test the reliability and performance of the model results. Furthermore, scenario analysis and stress tests supportive of the standard method and internal models are performed.

Followed in line with the general limits of the Bank and the early warning signal limit, VaR-based limit implementation is monitored daily to limit the market risk.

Interest Rate Risk

Interest rate risk, which the Bank may be exposed to due to maturity mismatch on its balance sheet, is managed in accordance with the “Interest Rate Risk Management Policy Document.”

The standard ratio of interest rate risk from banking accounts is calculated monthly and reported to the Banking Regulation and Supervision Agency. Besides, calculations are also made weekly to track the ratio and take prompt actions. Gap analysis is carried out based on the time left for repricing, and reports are issued on the interest rate risk while duration measurements and sensitivity analyses are periodically performed.

The Bank established and put in practice procedures for interest rate risk appetite. Interest rate risk limits were determined in line with the interest rate risk appetite. Relevant limits are periodically reported to Bank’s Senior Management.

Liquidity Risk

The Bank’s liquidity risk is managed in accordance with the “Liquidity Risk Management Policy Document.” The Bank’s liquidity risk management approach is to monitor liquidity risk throughout the day continuously. Accordingly, work is performed to keep cash inflows and outflows in both Turkish Lira and foreign currency are always tried to keep under control, long-term cash flow tables are prepared, and scenario analysis and stress tests based on previous experiences and expectations performed to determine the Bank’s resilience against unexpected crises.

The Bank’s liquidity risk appetite was determined, and liquidity risk limits were established accordingly. Relevant limits are periodically reported to Bank’s Senior Management.

The Bank manages its liquidity risk as per the Liquidity Contingency Plan, which the Board approves of Directors. The Bank monitors and addresses liquidity requirements within the specified action plans framework and analyses existing and potential liquidity gaps.

Operational Risk

Operational risk refers to the prospect of loss resulting from inadequate or failed procedures or systems, employee errors, or external events that also cover Legal Risk. The management of operational risks is performed in accordance with the “Operational Risk Framework,” established for comprehensive determination and definition of all the significant risks faced by the Bank by categories to serve as a shared terminology containing examples of these risks, and the “Bank’s Operational Risk Management Policy Document.” The Audit Board and the Internal Audit function audit operational risks. In managing operational risks, the Bank collects operational risk loss and potential risk data, enabling the standardized approach’s implementation. The operational loss data is analyzed to identify the risk factors. The findings are presented to the Bank’s internal systems functions and Bank’s executive management.

Operational risk data is examined on a consolidated basis. Within this scope, loss data is regularly collected from the Bank’s affiliates and saved in the database.

The 2021 “Impact Analysis” performed to analyze business processes, identify inadequate controls, and take necessary measures, covering the Head Office’s business departments was completed. Symptom monitoring efforts and assessment of updated and newly established processes as part of the “Impact Analysis” are ongoing.

Risk assessments on new products are carried out within the scope of the “New Product Development Regulation.” Moreover, risk assessments regarding the procurement of support services are performed following the “Support Services Procurement Procedures and the Risk Management Program.”

Operational risk measurement results calculated annually on unconsolidated and consolidated bases using the key indicator approach are reported to the Bank’s top management and the BRSA, pursuant to the “Regulation on Measurement and Assessment of Capital Adequacy of Banks.”

Credit Risk

Credit risk arises from the partial or complete failure of a counterparty to fulfill its obligations provided for in contractual requirements and is managed within the scope of the “Credit Risk Management Policy Document.” The Bank’s definition of credit risk covers credit risk in all products and activities, based on the definition of credit in the Banking Law.

The findings obtained from analyses on the distribution and concentration of the Bank’s loan portfolio (type of credit, currency, maturity, sector, geographical region, segment, borrower, holding, group, subsidiaries), the portfolio quality (standard loans, non-performing loans, deferred loans, loans under close scrutiny, rating distribution of the portfolio), and sovereign risks, as well as data derived from scenario analyses and studies on NPL ratios, are reported to the Bank’s senior management in the form of individual and monthly reports. In 2021, to reduce the possible damages of Covid-19 pandemic cases on the national economy, the regulations made by the BRSA regarding the classification criteria of loans tables on the results of the studies concerning the Bank’s effects on Basket-2 and Basket-3 portfolios, provision figures, and NPL ratios and the distribution of commercial cash risks in close monitoring by sectors were included in the monthly Credit Risk Reports submitted to the Bank’s Top Management.

Credit risk in fair value, measured as per the provisions of the “Regulation on Measurement and Assessment of Capital Adequacy of Banks,” is reported to the Bank’s senior management and the BRSA on unconsolidated and consolidated bases monthly. The Capital Adequacy Standard Ratio is closely monitored within the Bank, calculated daily, and reported to the senior management after the scenario analysis and stress testing.

The ultimate aim of the Bank is to use credit risk internal methods in line with Basel III regulations and international best practices. Within this scope, “Internal Rating Based Approach” (IRB) activities are carried out within the Bank. As part of IRB activities, the Credit Risk Control Department and the Head Office for Assessment and Rating work to update the existing credit rating models and develop new models. Policies and procedures are updated by following a risk-based approach during IRB efforts. Furthermore, as it is crucial to use consistent credit rating models with a high-reliability level both within the scope of IDD for purpose of internal rating and TFRS 9 for purpose of expected credit losses, the Credit Risk Control Department periodically analyzes the models’ outcomes and prepared monitoring reports are submitted to the Bank’s senior management.

The Validation Department carries out to determine, by using accuracy, correctness, and consistency measurements, the extent to which the models used within the Bank represent the outcomes; to measure how sound the models and other components are and; to make qualitative and quantitative validation on the internal credit rating systems used by the Bank. Validation reports regarding the models are presented to the Bank’s Senior Management.

RISK MANAGEMENT

Sovereign Risk

Sovereign risk is described as the probability of loss that the Bank, which held the direct and/ or indirect, risk of the borrowers in the said country in its portfolio, as a result of the failure of borrowers (central government, corporate or other) in a foreign country due to events or uncertainties affecting the economic, social and political conditions.

The Bank manages sovereign risk within the scope of the "Country Risk Management Policy Document" and has defined indirect sovereign risk, central management risk, contagion risk, macroeconomic risk, indirect foreign exchange risk, and transfer risk as to the main components of the sovereign risk.

Within the framework of the risk appetite, sovereign risk concentration limits have been established. The reports showing the limit compliance level and the measurement results are shared with the senior management with monthly reports and the Credit Risk Swap (CDS) premium analysis of the countries. Besides, within the scope of monthly stress tests, sensitivity analyses are carried out regarding the country's risk. The results are shared with the senior management.

Counterparty Credit Risk

Counterparty credit risk is the risk arising from the possibility that the counterparty may default on amounts owed before the last payment for a transaction that obligates both parties. It is managed pursuant to the "Counterparty Credit Risk Management Policy Document."

In accordance with the provisions of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks," counterparty credit risk amounts calculated using the fair value are calculated based on the portfolios in the trading and banking accounts. These amounts are monthly reported on unconsolidated and consolidated bases within the scope of capital adequacy calculations to the Bank's senior management and the BRSA.

Concentration Risk

Concentration risk arises due to a specific concentration of the Bank's assets, liabilities, and business lines; this risk type is managed pursuant to the "Concentration Risk Management Policy Document."

Concentration risk limits were determined in a manner that will enable the Bank to avoid large risk concentrations, monitor its risks within the scope of its risk appetite, and carry out its activities even under stress conditions.

The Bank establishes limits in managing concentration risks which are monitored and reported to the senior management. Limits are controlled regularly and revised as necessary, parallel with economic developments, expectations, and the Bank's objectives and strategies.

Reputation Risk

The Bank manages reputation risk, which is defined as the possibility of loss-making of the Bank due to the negative trust of the Bank, or fall into disrepute as a result of the negative opinions of the parties such as existing or potential customers, partners, competitors and supervisors about the Bank or failure to comply with the current legal regulations, in the scope of "Reputation Risk Management Policy Document."

The "Reputation Risk Policy Document" provides guidance in determining policies regarding the identification, evaluation, control, monitoring, reporting, and management of the reputation risk that may arise from the Bank's operations, practices, partners, and employees.

For the measurement and management of reputation risk, which is an abstract concept, the Bank has determined the reputation risk sources and manages the reputation risk through qualitative evaluations conducted within these criteria' framework.

Climate Risk

Climate risk is defined as the potential of negative effects of adverse weather conditions on people, natural systems, and economic sectors.

Climate-related financial risks refer to a group of potential risks that, as a result of climate change, could potentially affect the security and soundness of financial institutions and have broad implications for the banking system in the context of financial stability.

The Bank defines climate risk in terms of physical risks and transition risks. From this perspective, as a result of our Bank's lending activities, the studies to determine and measure portfolio risks within the framework of both physical risks and transition risks related to climate risks and to measure the effects of physical risks such as excessive rainfall, floods, and droughts related to the locations where activities are being carried out.

Earthquake Risk

Earthquake Risk is defined as the probability of damage caused by the damage to physical assets and human resources of the Bank due to a potential earthquake and the loss of income due to possible service interruptions after the earthquake.

The intensity and time of earthquakes cannot be determined precisely in advance since they are natural events requiring advanced scientific measurements or are based on a mechanism that is not yet determined by existing scientific possibilities. Thus, the Bank has identified the risk sources in analyzing and managing earthquake risk and manages the earthquake risk through qualitative evaluations performed within these criteria' framework.

Other Risks

The Bank has defined Model Risk and Residual Risk as other essential risk factors depending on the current risk profile, operating environment, regulatory or economic environment.

Model Risk is the probability of losses of the Bank caused by the fact that the models used by the Bank in the measurement of risk or in the valuation of financial products cannot adequately and accurately reflect the risks to which the Bank is exposed. "Model Risk Management Policy Document" was created by the Bank to reveal the principles and approaches that will form the basis for the model risk management process and to contribute to the sustainability of the risk management activities in the Bank.

Model risk management is a process that starts with the development, implementation, and usage of a secure model and continues with the validation of the model through determined a clear framework regarding the boundaries, constraints, and assumptions of the model.

Bank's Residual Risk is determined as "The remaining level of risk after risk management actions and control practices carried out for risk reduction." in "Operational Risk Management Policy Document" and as "Risks arising from the fact that the credit risk reduction techniques used are not as effective as expected" in "Credit Risk Management Policy Document."

Residual Risks are considered within the scope of "Impact Analysis" studies to ensure operational risks are taken under control by analyzing business processes at the Bank, determining ineffective, inadequate management, and taking necessary measures.

ETHICAL PRINCIPLES OF BANKING

OUR GOOD PRACTICES IN ETHICAL BANKING ARE AT THE CORE OF THE CONFIDENTIAL BANKING PERCEPTION WE HAVE CREATED WITH OUR STAKEHOLDERS.

Our good practices in ethical banking are at the core of the confidential banking perception we have created with our stakeholders. Accordingly, in our activities, we act in compliance with the Corporate Governance Principles and in accordance with the Principles of Banking Ethics established by the Banks Association of Turkey to regulate the banks' all relations with the stakeholders' ecosystem.

In 2019, we published the Regulation on Ethical Principles and Ethics Commission's Working Procedures and Principles to establish and develop an ethical culture in our bank, apply ethical principles efficiently, and increase ethical awareness. In 2020, we created our Ethical Principles Policy. We continue to work on public access to these documents accessible to all our employees through our in-house portal. Our Ethics Committee held one meeting in 2021.

We have an e-mail address, "ethics@vakifbank.com.tr," where our employees and the public can submit their complaints in case of any situation contrary to the Ethical Principles. We carry out the process regarding the notifications made to the

e-mail in question confidentially. We do not make any difference in the transactions made regarding the anonymous applications. We evaluate the reports objectively and impartially. As a result of the investigation, we ensure that the necessary measures are taken by including the related parties subject to violations. We take care to carefully evaluate and resolve all notifications submitted as soon as possible. Additionally, we do not approve of any retaliatory action that people who report to our Ethics Hotline will be faced with these reports.

As a consequence of the rapidly expanding use of social media in the digitalizing world, we announced the social media ethical principles to our Bank's organization in 2021 in order to protect the neutrality of our Bank's services and the trust in our Bank. In addition, the reports received through the ethics reporting hotline are examined based on their nature and the reporting person is contacted as soon as possible and informed about the process.

In 2022, it is planned to provide more information on the "Principles of Ethical Behavior" in order to increase ethical awareness among the employees of our Bank.

All our employees can access the Banking Ethical Principles on our corporate website and the Bank information system screen on our corporate network. We provide training on our Banking Ethical Principles to our newly hired employees within the scope of orientation training, and we also offer this training to all other employees at request. In 2021, we conducted 273 hours of in-class and 2,229 hours of online training on ethics. In the coming period, we plan to provide more information on the "Principles of Ethical Behavior" in order to increase ethical awareness among the employees of our Bank.

In addition to our employees, our customers can also convey their complaints and notifications on ethical issues through the Contact Us (Sorun Çözelim) and Ethics Hotline section on our Bank's corporate website, our call center, our internet and mobile applications, our branches, and our Headquarters contact address.

Within the framework of our ethical and transparent banking approach, we require our suppliers and business partners to comply with BRSA regulations and Bank policies, and we expect all agreements we make to abide by our policies.

To see our policy regarding the Ethical Principles: <https://www.vakifbank.com.tr/Default.aspx?pageID=2794>

In 2021, we provided 273 hours of in-class and 2,229 hours of online training on ethics.

COMPLIANCE AND AUDIT

WE CARRY OUT OUR ACTIVITIES IN ACCORDANCE WITH LEGAL LEGISLATION AND THE GOALS, POLICIES, AND STRATEGIES SET BY SENIOR MANAGEMENT.

Our Internal Control Department, which operates under the supervision and control of the Audit Committee, is responsible for carrying out operational transactions regarding the execution of the Bank's activities, Bank's communication channels and information systems, financial reporting systems, and the controls for the implementation of business processes to ensure the reliability and integrity of our system, and timely availability of the information. Thus, we aim to ensure that our activities are carried out in accordance with legal legislation and the goals, policies, and strategies set by senior management and to provide controls of risky transactions at the Bank.

We carry out internal control activities in all domestic and international branches of the Bank, Head Office Departments, and subsidiaries subject to consolidation, with a risk-oriented perspective within the framework of Article 30 of the Banking Law titled "Internal Control System," "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process," "Regulation on the Information System of Banks and Electronic Banking Services" published by the BRSA and other legal regulations. We share the findings and suggestions determined within the scope of internal control activities that we conduct locally and centrally with the relevant parties through reports and follow their actions. Additionally, we carry out information technology controls to assure that information systems activities are carried out securely and within the Bank's rules.

Our Internal Control Department controls the functional separation of duties and the sharing of powers and responsibilities to define, measure, and prevent our Bank's risks. Evaluating the compliance of the projects, procedures, and processes created by the Bank's business departments with the internal policies and rules of the Bank and assess the possible risks they bear, express their opinions in a way to reduce and manage the risks, determine the control points, increase the effectiveness of control activities,

establish and improve the auto-control and systemic control mechanisms in processes and procedures and ensures that operational risks are reduced.

Detailed information on Internal Audit can be found in the Assessments of the Internal Systems and 2020 Operations section of our report.

Prevention of Laundering of Criminal Proceeds and Terrorism Financing

Fighting against laundering proceeds of crime, financing of terrorism, and financing of the proliferation of weapons of mass destruction, and preventing the use of the financial system by criminals are among the main areas we focus on within the scope of ethical banking. The necessary precautions to prevent the use of the products and services offered by our bank and our subsidiaries for laundering proceeds of crime and financing of terrorism are taken.

Our Bank prepared a compliance program to cover risk management, monitoring, control, and training activities to ensure an effective fight against money laundering and financing of terrorism, financing of the proliferation of weapons of mass destruction, and preventing the use of the financial system by criminals pursuant to the "Law on Prevention of Laundering of Criminal" no. 5549, the "Law on Prevention of Financing of Terrorism" no. 6145, the "Law on the Prevention of Financing the Proliferation of Weapons of Mass Destruction" no. 7262, and related regulations. These activities are carried out by the Compliance Department, under the Compliance Officer.

We act in accordance with national and international regulations and rules through the Policy Document and Implementation Principles on the Prevention of Laundering Proceeds of Crime and Financing of Terrorism (MASAK Compliance Policy) through the policies, procedures, and control methods established in our Bank.

The activities to ensure compliance with the legal obligations within the scope of Prevention of Laundering Proceeds of Crime and Financing of Terrorism and the international rules, principles, and principles on the same subject are carried out by our Compliance and Regulation Department. Our Compliance Department, under the Presidency, maintains assessment of customers, transactions, and services with a risk-based approach, informing employees about the fight against proceeds of crime and their legal and administrative obligations, and the Bank's internal audit and training activities to eliminate risks in this regard.

In-class and e-learning trainings are provided to our newly recruited employees on the Prevention of Laundering Proceeds of Crime and Financing of Terrorism within the scope of the Orientation and Basic Training Program. In-class and e-learning trainings are also organized for our current employees.

Every year, we regularly provide in-class and e-learning training on "Prevention of Laundering of Proceeds of Crime and Financing of Terrorism" to our Bank employees. All our employees are trained for forgery and fraud in banking as follows:

- 16 e-learning trainings prepared by the Directorate of Secure Banking
- 6 e-learning training organized by the Banks Association of Turkey
- 2 e-learning trainings were organized by the Board of Audit.

ANTI-BRIBERY AND CORRUPTION

WE ADOPT A ZERO-TOLERANCE POLICY WITHIN THE SCOPE OF OUR ANTI-BRIBERY AND ANTI-CORRUPTION POLICY, WHICH FORMS AN INTEGRAL PART OF OUR BANK’S LEGISLATION.

Within the scope of our Anti-Bribery and Anti-Corruption Policy, which forms an integral part of our Bank’s legislation, we aim to comply with ethical principles and international standards in addition to the legal legislation valid in all countries where we operate. We adopt a zero-tolerance policy in this regard. Our Board of Directors’ responsibility is to approve, implement, and update our Anti-Bribery and Anti-Corruption Policy, including managers, our subsidiaries and affiliates and their employees; companies, business partners, and their employees which we receive external services.

Our employees are obliged to directly report the persons and institutions that act against the policy rules or any situation that violates these rules to the Audit Board. In order to ensure that the employee making the report is not harmed, we keep all notifications confidential and terminate our work with institutions that act against our Anti-Bribery and Anti-Corruption Policy. Our employees can easily access our Audit Board’s Reporting Page and e-mail addresses that we use for reporting.

As part of the fight against corruption, we offer 26 e-learning trainings to our employees. Our employees participated in these trainings, which we held online for a total of 56,266 hours in 2021, 129,359 times in total. We also provided 765 hours of in-class training on Anti-Bribery and Anti-Corruption.

In the event that the anti-bribery policy is violated in various ways, we impose sanctions under the Personnel Regulation and the 25th Term Collective Labor Agreement. In cases against the policy, our Audit Board investigates the issue, and necessary sanctions are applied following the legislation to detect behaviors that do not comply with the legislation. In case of violation of the Anti-Bribery and Anti-Corruption Policy, disciplinary penalties that may lead to the termination of the employment contract, depending on the nature of the incident, come to the fore. Additionally, there may be criminal liability for those who do not comply with the relevant legislation. In addition, a penalty may be imposed to those, who do not comply with the relevant legislation.

Within the scope of the evaluation of the Anti-Bribery Policy and/or systems, we obtain opinions from all department managers through a survey method to assess the operational risk through the risk assessment studies conducted annually by the Board of Inspectors. In Banking Process Audits and Assessment of Internal Control System activities, we also grade audit centers’ internal control environments. We present all our work to the Audit Committee and the Board of Directors in the Audit Board’s Annual Report. Additionally, we assess and report corruption-related risks in terms of business lines, risk causes, and risk types by analyzing and grouping other risks with the number of incidents and risk amount.

You can access our Anti-Bribery and Anti-Corruption Policy on our website at <https://www.vakifbank.com.tr/vakifbank-in-brief.aspx?pageID=2529>

SUSTAINABILITY MANAGEMENT

INTEGRATING AND MANAGING SUSTAINABILITY INTO BUSINESS PROCESSES IS THE RESPONSIBILITY OF THE SUSTAINABILITY COMMITTEE.

The responsibility for the integration and management of sustainability into decision-making processes lies within the Sustainability Corporate Governance Committee, which is a high decision-making and responsible authority at our Bank. Our operations under the guidance of our Committee are carried out by the Sustainability Sub-Committee, which is affiliated with our Committee. The Sustainability Sub-Committee is chaired by the president of the International Banking and Investor Relations Department. The Sustainability Sub-Committee is responsible for establishing sustainability strategies and policies in economic, social, and environmental fields, as well as integrating these strategies and policies into the Bank’s operations and monitoring performance. You can reach detailed information about the Sustainability Committee on the following website: <https://www.vakifbank.com.tr/vakifbank-in-brief.aspx?pageID=2529>

We support our committee through the activities of the Sustainability Service under the Investor Relations Department, the Environmental Management Service under the Support Services Department, and the Environmental and Social Impact Analysis Department under the Corporate Loans Allocation Management Department.

We carry out the coordination and follow-up of the objectives for reducing the direct environmental impacts of our Bank, and the Carbon Disclosure Project (CDP) reporting activities through the Environmental Management Services.

You can reach detailed information about our Sustainability governance structure on the following website: <https://www.vakifbank.com.tr/governance-structure.aspx?pageID=2736>

Sustainability Committee

General Manager (Head of Committee)
1 Independent Board Member
8 Executive Vice Presidents
Head of International Banking and Investor Relations
Head of Strategy and Planning Department
Head of Risk Management
Head of Support Services
Head of Corporate Loans Allocation Management

Sustainability Sub-Committee

Head of International Banking and Investor Relations
Head of Corporate Communications
Head of Corporate Development and Academy
Head of Corporate Loans Allocation Management
Head of Commercial Banking Marketing
Head of SME Banking Marketing
Head of Individual Banking Marketing
Head of Retail Banking Marketing
Head of General Accounting and Financial Affairs
Head of Support Services
Head of Strategy and Planning Department
Head of Risk Management
Head of Human Resources

Sustainability Service
(Investor Relations)

Environmental
Management Service
(Support Services)

Environmental and
Social Impact Analysis
Department

COMPLIANCE OPINIONS



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

Türkiye Vakıflar Bankası T.A.O. General Assembly

1) Qualified Opinion

We have audited the annual report of Türkiye Vakıflar Bankası T.A.O. (the “Bank”) and its subsidiaries (collectively referred to as the “Group”) for the period of 1 January 2021 – 31 December 2021.

In our opinion, except for the point mentioned in the section of the Basis for Qualified 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 Qualified Opinion

As we reported in our auditor’s opinion dated February 14, 2022, on the Bank’s and the Group’s financial statements for the accounting period of January 1 - December 31, 2021, the financial statements of the Bank and the Group, prepared as of December 31, 2021, include a free provision of TL 1,772,000 Thousand (TL 700,000 Thousand was allocated in the past years and TL 1,072,000 Thousand in the current period), which does not meet the accounting criteria of TAS 37 “Provisions, Contingent Liabilities and Contingent Assets,” was allocated by the Bank’s management due to the possible effects of negative developments that may occur in the economy and markets.

We conducted our independent audit in accordance with “Regulation on Independent Audit of Banks” published in the Official Gazette no. 29314 dated 2 April 2015 published by BRSA (“BRSA Audit Regulation”) and Independent Auditing Standards (“IAS”) 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 these Standards are detailed in the “Independent Auditor’s Responsibilities for the Independent Audit of the Financial Statements” section of our report. We declare that we are independent of the Bank by the Code of Ethics for Independent Auditors (“Code of Ethics”) issued by POA and ethical provisions stated in the regulation of independent auditing of financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

3) Auditor’s Opinion for the Full Set Consolidated and Unconsolidated Financial Statements

We expressed a qualified opinion on the Group’s and Bank’s complete set of consolidated and unconsolidated financial statements for the reporting period January 1, 2021 - December 31, 2021, in our audit report dated February 14, 2022.

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) To prepare the annual report within the first three months following the balance sheet date and submit it to the general assembly;
- b) To prepare the annual report to reflect the Group’s operations in that year and the consolidated financial position in a true, complete, straightforward, fair, and proper manner in all respects. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. Also in the report, developments and possible risks that the Group may encounter are indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) The annual report also includes the following matters:
 - Subsequent events occurred within the Group after the end of the fiscal year which have significance,
 - The research and development activities of the Group,
 - Compensation including salaries and bonuses paid to Board Members and Senior Managers; and other benefits such as allowances, travel, accommodation and representation expenses, cash and in-kind benefits, insurance, and similar assurances.
 - 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 also considers the secondary legislation regulations issued by the Ministry of Trade and related institutions.

5) Responsibilities of the Independent Auditor on the Independent 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 “Regulation on the Procedures and Principles for the Preparation and Publication of the Annual Reports by 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 IAS 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 Damla Harman.

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

Damla Harman, Certified Public Accountant
Partner

March 2, 2022
İstanbul, Turkey

INDEPENDENT ASSURANCE STATEMENT



Independent Assurance Statement

To the Management of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
İstanbul, Turkey

This Assurance Statement (hereinafter ‘Statement’) is intended solely for the management of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (hereinafter ‘Vakıfbank’ or ‘the Bank’) for the purpose of reporting on the selected information for Vakıfbank in its 2021 Integrated Annual Report (hereinafter ‘the 2021 Integrated Annual Report’) that has been prepared by the Bank for the one-year period from January 1, 2021 to December 31, 2021.

Subject Matter Information and Applicable Criteria

In line with the request of the Bank, our responsibility is to provide limited assurance within the scope of the Reporting Guidelines for Integrated Annual Report 2021 (“Reporting Guideline”) between the pages 508-513 of the 2021 Integrated Annual Report.

The Scope of Our Assurance

The scope of our assurance is limited to the indicators listed in the Selected Information list shown below, which are reported as operational indicators, social indicators and environmental and marked with ✓ on the pages 51, 65, 76, 103, 106, 110, 113, 119,503, 506 and 507 of the 2021 Integrated Annual Report.

Operational Indicators

- Total loans amount extended to SMEs (TRY),
- Number of renewable energy projects financed by the Bank and amount of financing provided (TRY),
- Increase in the number of digital banking customers (number of customers),

Social Indicators

- Ratio of female employees (%),
- Number of employees in managing bodies (manager and higher level) (number of people),
- Ratio of female employees that returned to work after parental leave (%),
- Filling rate of top positions with internal promotion (%)
- Employee turnover rate (ratio),
- Average of seniority (year),
- Number of disabled employees (number of people),
- Total training hours (hours),
- Average training hours per employee (hours),
- Ratio of online trainings in total training hours (%)
- Incident rate (ratio),
- Occupational disease rate (ratio),
- Lost days rate in all facilities (%),
- Absence rate (%),

Environmental Indicators

- Energy consumption (electricity, natural gas, lignite, diesel, heating oil, gasoline) (GJ)
- Water consumption (megaliter)
- Amount of recycled waste (ton)
- Paper consumption (ton)
- Carbon emissions (Scope 1, Scope 2, Scope 3) (ton CO₂e)
- Carbon emissions per m² (kg CO₂e/m²)

The Bank’s Responsibilities

The Bank’s management is responsible for the preparation, collection and presentation of the Selected Information. In addition, the Bank’s management is responsible for ensuring that the documentation provided to the practitioner is complete and accurate. The Bank’s management is also responsible for maintaining the internal control system that reasonably ensures that the documentation and information described above is free from material misstatements, whether due to fraud or error.

Our Responsibilities

We conducted our assurance engagement in accordance with the International Assurance Standards, particularly International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)) and the International Standard on Assurance Engagements on Greenhouse Gas Statements (ISAE 3410). These regulations require that we comply with the ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Selected Information.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

We apply the International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements of laws or regulations.

The assurance engagement performed represents a limited assurance engagement. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with what is necessary in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower.

The procedures selected depend on the practitioner’s judgment. The procedures include, in particular, inquiry of the personnel responsible for collecting and reporting on the Selected Information and additional procedures aimed at obtaining evidence about the Selected Information.

Procedures Applied

In respect of the Selected Information mentioned above the procedures performed include the following procedures:

1. Interviewed select key senior personnel of the Bank to understand the current processes in place for capturing the Selected Information pertaining to the reporting period;
2. Reviewed Selected Information with online meetings covering Bank’s locations in Turkey; as well as reviewed pertaining to the Bank’s other locations, against evidence, on a sample basis;
3. Undertook substantive testing, on a sample basis, of the Selected Information;
4. Used the Bank’s internal documentation to evaluate and measure the Selected Information;
5. Evaluated the design and implementation of key processes and controls over the Selected Information;
6. Re-performed, on a sample basis, calculations used to prepare the Selected Information for the reporting period.

Evaluated the disclosure and presentation of the Selected Information in the Report.



Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the 2021 Integrated Annual Report has not been prepared, in all material respects, in accordance with the applicable criteria.

Limitations

We permit this report to be disclosed in Türkiye Vakıflar Bankası Türk Anonim Ortaklığı 2021 Integrated Annual Report for the date December 31, 2021, to enable the Board of Directors of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and Türkiye Vakıflar Bankası Türk Anonim Ortaklığı for our work or this Statement except where terms are expressly agreed between us in writing.

for Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

A member firm of Ernst & Young Global Limited



Zeynep Okuyan Özdemir, SMMM
Partner

İstanbul, March 2, 2022

UNCONSOLIDATED FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT DECEMBER 31, 2021
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS' REPORT ORIGINALLY ISSUED IN TURKISH,
SEE IN NOTE I. OF SECTION THREE)



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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Audit of Unconsolidated Financial Statements

Qualified Opinion

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

Basis for Qualified Opinion

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

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



Other Matter

The unconsolidated financial statements of the Bank as at 31 December 2020 which was prepared in accordance with “BRSA Accounting Financial Reporting Legislation” was audited by another audit firm.

Audit firm expressed a qualified opinion in their report issued on February 9, 2021 since the unconsolidated financial statements which included in their reports dated February 9, 2021 include a free provision at an amount of TL 1,072,000 thousands out of which TL 852,000 thousands was provided in prior years and TL 220,000 thousands was provided within 2020 by the Bank management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.



Key Audit Matter	How the Key Audit Matter is addressed in our audit
Financial impact of TFRS 9 “Financial Instruments” standard and recognition of classification, measurement and impairment on financial assets and related important disclosures	
As presented in Section III disclosure VIII, the Bank recognizes expected credit losses of financial assets in accordance with TFRS 9 Financial Instruments standard. We considered impairment of financial assets as a key audit matter since: - Amount of on and off balance sheet items that are subject to expected credit loss calculation is material to the financial statements. - There are complex and comprehensive requirements of TFRS 9. - The classification of the financial assets is based on the Bank’s business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Bank uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments. - Policies implemented by the Bank management include compliance risk to the regulations and other practices. - Processes of TFRS 9 are advanced and complex. - Judgements and estimates used in expected credit loss, complex and comprehensive. - Disclosure requirements of TFRS 9 are comprehensive and complex.	Our audit procedures included among others include: - Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Bank’s past experience, local and global practices. - Reviewing and testing of processes which are used to calculate expected credit losses by involving our Information technology and process audit specialists. - Evaluating the reasonableness and appropriateness of management’s key estimates and judgements in expected credit loss calculations including the responses to COVID-19, through selection of methods, models, assumptions and data sources. - Evaluation of the reasonableness and appropriateness of key judgments and estimates determined by management and the methods, judgments and data sources used in calculating expected loss, taking into account standard requirements, industry and global practices - Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Bank’s Business model. - Reviewing the Bank’s classification and measurement models of the financial instruments and comparing with TFRS 9 requirements - Evaluating the alignment of the significant increase in credit risk determined during the calculation of expected credit losses, default definition, restructuring definition, probability of default, loss given default, exposure at default and macro-economic variables that are determined by the financial risk management experts with the Bank’s past performance, regulations, and other processes that has forward looking estimations. - Assessing the completeness and the accuracy of the data used for expected credit loss calculation. - Testing the mathematical accuracy of expected credit loss calculation on 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 TFRS 9 disclosures.



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



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.

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



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with 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 these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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



Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Damla Harman, SMMM
Partner

February 14, 2022
Istanbul, Turkey

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

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

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Telephone : 0216 724 10 00
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The unconsolidated financial report as at and for the year ended December 31, 2021, prepared in accordance with the “Communiqué of Financial Statements and Related Disclosures and Footnotes to be Publicly Announced by Banks” as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS
- DISCLOSURES ON ACCOUNTING POLICIES APPLIED IN THE PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITORS’ REPORT

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

February 14,2022

Mustafa SAYDAM
Chairman of the Board

Serdar TUNÇBİLEK
Board and Audit
Committee Member

Dilek YÜKSEL
Board and Audit
Committee Member

Abdi Serdar ÜSTÜNSALİH
General Manager and
Board Member

Şuayyip İLBİLGİ
Assistant General Manager

Korhan TURGUT
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report:

Name-Surname/Title : Burcu SÜTCÜ AKDAĞ / Manager Name-Surname/Title : İrem COŞKUN / Asst. Manager
Phone no : 0 216 724 31 35 Phone no : 0 216 724 31 40
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CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE NOTE I. OF SECTION THREE

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

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

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

	Number of Shares – 100 unit	Nominal Value of the Shares – Thousands of TL	Share Percentage (%)
Shareholders - September 30, 2021			
Türkiye Varlık Fonu (Group D)	1,405,622,490	1,405,622	35.99
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058,640	1,075,058	27.52
Vakıfbank Memur ve Hizmetlileri Emekli ve			
Sağlık Yardım Sandığı Vakfı (Group C)	402,552,666	402,553	10.31
TC Hazine ve Maliye Bakanlığı (Group B)	387,673,328	387,673	9.93
Other appendant foundations (Group B)	2,591,250	2,591	0.07
Other real persons and legal entities (Group C)	1,527,393	1,528	0.04
Publicly traded (Group D)	630,596,723	630,597	16.14
Total	3,905,622,490	3,905,622	100.00

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021**

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

GENERAL INFORMATION (Continued)

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

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

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

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

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

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

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

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

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

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

GENERAL INFORMATION (Continued)

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

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
Board of Directors				
Mustafa SAYDAM	Chairman	March 26, 2021	Bachelor’s	27 years
Dr.Cemil Ragıp ERTEM	Deputy Chairman	June 12, 2020	PhD	23 years
Abdi Serdar ÜSTÜNSALİH	Member – General Manager	May 27, 2019	Master’s	30 years
Dr.Adnan ERTEM	Member	October 28, 2010	PhD	33 years
Dilek YÜKSEL	Member	29 March, 2016	Bachelor’s	11 years
Şahin UĞUR	Member	June 9, 2017	Bachelor’s	35 years
Serdar TUNÇBİLEK	Member	June 9, 2017	Bachelor’s	35 years
Abdülkadir AKSU	Member	May 27, 2019	Bachelor’s	2 years
Sadık YAKUT	Member	May 27, 2019	Bachelor’s	2 years
Audit Committee				
Serdar TUNÇBİLEK	Member	June15, 2017	Bachelor’s	35 years
Dilek YÜKSEL	Member	June 12, 2020	Bachelor’s	11 years
Auditor				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor’s	37 years
Mehmet Emin BAYSA	Auditor	June 12, 2020	Master’s	2 years
Assistant General Managers				
Metin Recep ZAFER	R&D and Business Intelligence Application Development, Basic Banking Application Development, Channel Management and Payment Systems App. Development, System Management, IT System and Application Support, IT Planning and Coordination, Treasury Operations, Foreign Operations, Banking Operations, Credit, Customer and Account Operations	June 13, 2006	PhD	26 years
Muhammet Lütfü ÇELEBİ	Human Resources, Corporate Development andAcademy	October 23, 2013	Bachelor’s	26 years
Şuayyip İLBİLGİ	Accounting and Financial Affairs, Strategy and Planning, Subsidiaries and Affiliates	August 1, 2017	Bachelor’s	25 years
Mikail HIDİR	Credit Risk Liquidation, Legal Affairs	December 26,2018	Bachelor’s	18 years
Hazım AKYOL	Corporate Banking Marketing, Commercial Banking Marketing, Corporate Branches Cash Management Product Development and Foreign Trade Marketing, Corporate Branches	May 31, 2019	Bachelor’s	28 years
Alaattin ŞİMŞEK	Evaluation and Raiting Credit Risk Planning and Monitoring	May 31, 2019	Bachelor’s	26 years
Ferkan MERDAN	Payment Systems, Digital Banking and Distribution Channels, Corporate Communication Customer Experience and Management	May 31, 2019	Master’s	25 years
Muhammed Onay ÖZKAN	Treasury Management., International Banking and Investor Relations Treasury Middle Office	May 31, 2019	Bachelor’s	22 years
Arif ÇOKÇETİN	Corporate Loans Allocation Management Retail and SME Loans Allocation Management Commercial Loans Allocation Management 1-2 Featured Loans Management	July 8, 2020	Bachelor’s	26 years
Kadir KARATAŞ	Support Services	August 13, 2020	Bachelor’s	25 years
Mustafa TURAN	Individual, Deposit Marketing and Payment Systems	January 4, 2022	Bachelor’s	17 years

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

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

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

GENERAL INFORMATION (Continued)

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

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

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

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

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

by unanimous vote.

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

IV. INFORMATION ON THE BANK’S QUALIFIED SHAREHOLDERS

Current Period - December 31, 2021

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

Prior Period - December 31, 2020

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

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

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

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

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

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

GENERAL INFORMATION (Continued)

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

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

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

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

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

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

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

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

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

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

VI. CURRENT OR LIKELY ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF
EQUITY OR REPAYMENT OF DEBTS BETWEEN BANK AND ITS SUBSIDIARIES

None.

SECTION TWO
UNCONSOLIDATED
FINANCIAL STATEMENTS

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

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

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

		Current Period December 31, 2021			Prior Period December 31, 2020		
ASSETS	Notes	TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		101,014,790	242,702,869	343,717,659	53,167,158	139,285,845	192,453,003
1.1 Cash and cash equivalents	V-I-1	30,466,068	141,889,415	172,355,483	14,847,059	81,111,670	95,958,729
1.1.1 Cash and balances at Central Bank	V-I-1	29,359,910	114,789,077	144,148,987	14,662,009	78,526,777	93,188,786
1.1.2 Banks	V-I-3	1,120,400	20,185,938	21,306,338	26	2,584,893	2,584,919
1.1.3 Receivables from Money Markets		-	6,914,400	6,914,400	187,753	-	187,753
1.1.4 Allowance for expected credit losses (-)	V-I-18	14,242	-	14,242	2,729	-	2,729
1.2 Financial assets at fair value through profit or loss	V-I-2	177,289	16,226,214	16,403,503	169,893	7,161,038	7,330,931
1.2.1 Public debt securities		-	15,939,741	15,939,741	-	7,000,000	7,000,000
1.2.2 Equity instruments		169,483	286,473	455,956	169,482	161,038	330,520
1.2.3 Other financial assets		7,806	-	7,806	411	-	411
Financial assets at fair value through other comprehensive income	V-I-4	50,957,221	82,514,082	133,471,303	31,011,998	49,420,202	80,432,200
1.3.1 Public debt securities		50,435,798	82,233,247	132,669,045	30,422,704	49,416,174	79,838,878
1.3.2 Equity instruments		-	7,246	7,246	-	4,028	4,028
1.3.3 Other financial assets		521,423	273,589	795,012	589,294	-	589,294
1.4 Derivative financial assets	V-I-2	19,414,212	2,073,158	21,487,370	7,138,208	1,592,935	8,731,143
Derivative financial assets at fair value through profit or loss		19,414,212	2,073,158	21,487,370	7,138,208	1,592,935	8,731,143
Derivative financial assets at fair value through other comprehensive income		-	-	-	-	-	-
FINANCIAL ASSETS MEASURED AT AMORTISED COST		402,569,743	237,367,487	639,937,230	340,947,234	135,693,100	476,640,334
2.1 Loans	V-I-5	380,005,846	212,004,025	592,009,871	318,277,715	121,209,701	439,487,416
2.2 Receivables from leasing transactions	V-I-10	-	-	-	-	-	-
2.3 Factoring receivables		-	-	-	-	-	-
2.4 Financial assets measured at amortised cost	V-I-6	48,417,140	25,444,843	73,861,983	44,218,605	14,528,647	58,747,252
2.4.1 Public debt securities		48,358,190	25,176,782	73,534,972	44,159,655	14,342,399	58,502,054
2.4.2 Other financial assets		58,950	268,061	327,011	58,950	186,248	245,198
2.5 Allowance for expected credit losses (-)		25,853,243	81,381	25,934,624	21,549,086	45,248	21,594,334
NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "FROM DISCONTINUED OPERATIONS (Net)"	V-I-16	755,033	-	755,033	1,256,254	-	1,256,254
3.1 Held for sale purpose		755,033	-	755,033	1,256,254	-	1,256,254
3.2 Held from discontinued operations		-	-	-	-	-	-
INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		5,328,755	1,369,078	6,697,833	4,110,226	935,314	5,045,540
4.1 Investments in associates (Net)	V-I-7	2,047,712	-	2,047,712	1,394,406	-	1,394,406
4.1.1 Associates accounted by using equity method		-	-	-	-	-	-
4.1.2 Non-consolidated associates		2,047,712	-	2,047,712	1,394,406	-	1,394,406
4.2 Investments in subsidiaries (Net)	V-I-8	3,281,043	1,369,078	4,650,121	2,715,820	935,314	3,651,134
4.2.1 Non-consolidated financial subsidiaries		2,772,557	1,369,078	4,141,635	2,337,548	935,314	3,272,862
4.2.2 Non-consolidated non-financial subsidiaries		508,486	-	508,486	378,272	-	378,272
Jointly Controlled Partnerships (Joint Ventures) (Net)	V-I-9	-	-	-	-	-	-
Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	V-I-12	4,838,056	28,796	4,866,852	4,812,482	13,120	4,825,602
VI. INTANGIBLE ASSETS AND GOODWILL (Net)	V-I-13	276,221	-	276,221	255,263	-	255,263
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		276,221	-	276,221	255,263	-	255,263
VII. INVESTMENT PROPERTIES (Net)	V-I-14	-	-	-	-	-	-
VIII. CURRENT TAX ASSETS		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	V-I-15	-	-	-	1,125,282	-	1,125,282
X. OTHER ASSETS	V-I-17	7,964,715	2,998,154	10,962,869	6,740,911	10,554,929	17,295,840
TOTAL ASSETS		522,747,313	484,466,384	1,007,213,697	412,414,810	286,482,308	698,897,118

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

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

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

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

		Current Period December 31, 2021			Prior Period December 31, 2020		
LIABILITIES AND EQUITY	Notes	TL	FC	Total	TL	FC	Total
I. DEPOSITS	V-II-1	255,395,817	335,547,570	590,943,387	215,145,544	198,897,999	414,043,543
II. BORROWINGS	V-II-3	1,060,376	90,370,154	91,430,530	796,230	46,190,568	46,986,798
III. MONEY MARKET FUNDS		123,441,143	20,439,641	143,880,784	79,728,673	19,322,791	99,051,464
IV. MARKETABLE SECURITIES (Net)	V-II-3	10,566,317	51,408,580	61,974,897	10,451,852	35,061,115	45,512,967
4.1 Bills		5,264,846	871,154	6,136,000	5,150,249	2,188,163	7,338,412
4.2 Asset backed securities		-	-	-	-	-	-
4.3. Bonds		5,301,471	50,537,426	55,838,897	5,301,603	32,872,952	38,174,555
V. FUNDS		3,005	-	3,005	3,053	-	3,053
5.1 Borrower funds		-	-	-	-	-	-
5.2 Other		3,005	-	3,005	3,053	-	3,053
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	V-II-2	1,609,212	3,881,066	5,490,278	4,063,184	2,022,130	6,085,314
7.1 Derivative financial liabilities at fair value through profit or loss		1,609,212	3,881,066	5,490,278	4,063,184	2,022,130	6,085,314
7.2 Derivative financial liabilities at fair value through other comprehensive income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES	V-II-5	949,708	4,204	953,912	974,793	-	974,793
X. PROVISIONS	V-II-7	3,832,161	17,687	3,849,848	2,960,665	11,742	2,972,407
10.1 Provision for restructuring		-	-	-	-	-	-
10.2 Reserves for employee benefits		1,751,607	-	1,751,607	1,540,264	-	1,540,264
10.3 Insurance technical reserves (Net)		-	-	-	-	-	-
10.4 Other provisions		2,080,554	17,687	2,098,241	1,420,401	11,742	1,432,143
XI. CURRENT TAX LIABILITIES	V-II-8	933,094	10,846	943,940	898,173	4,329	902,502
XII. DEFERRED TAX LIABILITIES	V-II-8	-	46,378	46,378	-	-	-
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "DISCONTINUED OPERATIONS" (Net)	V-II-9	-	-	-	-	-	-
13.1 Held for sale		-	-	-	-	-	-
13.2 Related to discontinued operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT	V-II-10	6,404,751	22,563,676	28,968,427	6,401,461	13,057,337	19,458,798
14.1 Loans		-	-	-	-	-	-
14.2 Other debt instruments		6,404,751	22,563,676	28,968,427	6,401,461	13,057,337	19,458,798
XV. OTHER LIABILITIES	V-II-4	19,825,574	6,949,997	26,775,571	12,681,408	3,739,413	16,420,821
XVI. SHAREHOLDERS' EQUITY	V-II-11	51,370,487	582,253	51,952,740	45,541,699	942,959	46,484,658
16.1 Paid-in capital		3,905,622	-	3,905,622	3,905,622	-	3,905,622
16.2 Capital reserves		6,658,909	410,596	7,069,505	6,552,489	246,990	6,799,479
16.2.1 Equity share premiums		6,303,277	-	6,303,277	6,303,277	-	6,303,277
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Other capital reserves		355,632	410,596	766,228	249,212	246,990	496,202
16.3 Other accumulated comprehensive income that will not be reclassified in profit or loss		3,617,240	(182,919)	3,434,321	3,188,339	(4,066)	3,184,273
16.4 Other accumulated comprehensive income that will be reclassified in profit or loss		1,347,205	354,576	1,701,781	229,202	700,035	929,237
16.5 Profit reserves		31,666,047	-	31,666,047	25,754,720	-	25,754,720
16.5.1 Legal reserves		3,410,783	-	3,410,783	2,742,381	-	2,742,381
16.5.2 Statutory reserves		-	-	-	-	-	-
16.5.3 Extraordinary reserves		25,635,005	-	25,635,005	21,210,213	-	21,210,213
16.5.4 Other profit reserves		2,620,259	-	2,620,259	1,802,126	-	1,802,126
16.6 Profit or loss		4,175,464	-	4,175,464	5,911,327	-	5,911,327
16.6.1 Prior years' profits or losses		-	-	-	900,871	-	900,871
16.6.2 Current period net profit or loss		4,175,464	-	4,175,464	5,010,456	-	5,010,456
16.7 Minority interests		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		475,391,645	531,822,052	1,007,213,697	379,646,735	319,250,383	698,897,118

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED OFF-BALANCE SHEET ITEMS AS AT DECEMBER 31, 2021
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

				Current Period			Prior Period		
				December 31, 2021			December 31, 2020		
	Notes	TL	FC	Total	TL	FC	Total		
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)	210,908,100	496,587,816	707,495,916	167,330,382	277,152,578	444,482,960		
I.	GUARANTEES AND SURETIES	61,729,875	130,409,453	192,139,328	43,404,211	57,831,826	101,236,037		
1.1.	Letters of guarantee	61,156,815	72,361,867	133,518,682	43,145,971	31,937,954	75,083,925		
1.1.1.	Guarantees subject to State Tender Law	3,507,026	19,605,204	23,112,230	2,594,448	10,005,488	12,599,936		
1.1.2.	Guarantees given for foreign trade operations	2,542,604	-	2,542,604	2,335,826	-	2,335,826		
1.1.3.	Other letters of guarantee	55,107,185	52,756,663	107,863,848	38,215,697	21,932,466	60,148,163		
1.2.	Bank acceptances	4,258	9,575,050	9,579,308	4,258	5,111,534	5,115,792		
1.2.1.	Import letter of acceptance	-	969,051	969,051	-	289,665	289,665		
1.2.2.	Other bank acceptances	4,258	8,605,999	8,610,257	4,258	4,821,869	4,826,127		
1.3.	Letters of credit	V-III-4	568,802	48,276,760	48,845,562	253,982	20,667,442	20,921,424	
1.3.1.	Documentary letters of credit	-	568,802	48,276,760	-	253,982	20,921,424		
1.3.2.	Other letters of credit	-	-	-	-	-	-		
1.4.	Pre-financing given as guarantee	-	-	-	-	-	-		
1.5.	Endorsements	-	10,657	10,657	-	5,925	5,925		
1.5.1.	Endorsements to the Central Bank of Republic of Turkey	-	-	-	-	-	-		
1.5.2.	Other endorsements	-	-	-	-	-	-		
1.6.	Purchase guarantees for Securities issued	-	-	-	-	-	-		
1.7.	Factoring guarantees	-	-	-	-	-	-		
1.8.	Other guarantees	-	185,119	185,119	-	106,963	106,963		
1.9.	Other warranties	-	-	-	-	2,008	-		
II.	COMMITMENTS	-	91,039,887	74,486,878	165,526,765	71,111,618	42,045,023	113,156,641	
2.1.	Irrevocable commitments	V-III-1	77,587,362	10,106,329	87,693,691	61,363,734	6,147,096	67,510,830	
2.1.1.	Asset purchase and sales commitments	V-III-1	2,924,429	10,106,329	13,030,758	5,695,753	6,147,096	11,842,849	
2.1.2.	Deposit purchase and sales commitments	-	-	-	-	-	-	-	
2.1.3.	Share capital commitments to associates and subsidiaries	-	34,255	-	34,255	3,150	-	3,150	
2.1.4.	Loan granting commitments	V-III-1	34,013,637	-	34,013,637	26,086,273	-	26,086,273	
2.1.5.	Securities issuance brokerage commitments	-	-	-	-	-	-	-	
2.1.6.	Commitments for reserve deposit requirements	-	-	-	-	-	-	-	
2.1.7.	Commitments for checks payments	V-III-1	7,029,711	-	7,029,711	5,723,932	-	5,723,932	
2.1.8.	Tax and fund liabilities from export commitments	-	-	-	-	-	-	-	
2.1.9.	Commitments for credit card expenditure limits	V-III-1	30,687,962	-	30,687,962	21,320,698	-	21,320,698	
2.1.10.	Commitments for credit cards and banking services promotions	-	524,897	-	524,897	597,623	-	597,623	
2.1.11.	Receivables from short sale commitments of marketable securities	-	-	-	-	-	-	-	
2.1.12.	Payables for short sale commitments of marketable securities	-	-	-	-	-	-	-	
2.1.12.	Other irrevocable commitments	-	2,372,471	-	2,372,471	1,936,305	-	1,936,305	
2.2.	Revocable commitments	-	13,452,525	64,380,549	77,833,074	9,747,884	35,897,927	45,645,811	
2.2.1.	Revocable loan granting commitments	-	13,452,525	64,380,549	77,833,074	9,747,884	35,897,927	45,645,811	
2.2.2.	Other revocable commitments	-	-	-	-	-	-	-	
III.	DERIVATIVE FINANCIAL INSTRUMENTS	V-III-5	58,138,338	291,691,485	349,829,823	52,814,553	177,275,729	230,090,282	
3.1.	Derivative financial instruments held for hedging	-	-	-	-	-	-	-	
3.1.1.	Fair value hedges	-	-	-	-	-	-	-	
3.1.2.	Cash flow hedges	-	-	-	-	-	-	-	
3.1.3.	Hedges for investments made in foreign countries	-	-	-	-	-	-	-	
3.2.	Trading transactions	-	58,138,338	291,691,485	349,829,823	52,814,553	177,275,729	230,090,282	
3.2.1.	Forward foreign currency purchase and sale transactions	-	6,266,455	8,227,370	14,493,825	1,523,642	1,550,002	3,073,644	
3.2.1.1.	Forward foreign currency purchase transactions	-	3,142,731	4,115,500	7,258,231	864,639	681,888	1,546,527	
3.2.2.	Forward foreign currency sales	-	3,123,724	4,111,870	7,235,594	659,003	868,114	1,527,117	
3.2.2.1.	Currency and interest rate swaps	-	40,925,228	215,893,398	256,818,626	42,437,528	153,242,062	195,679,590	
3.2.2.2.	Currency swap purchase transactions	-	849,742	69,892,062	70,741,804	1,681,464	55,734,413	57,415,877	
3.2.2.2.	Currency swap sale transactions	-	37,905,486	20,580,683	58,486,169	37,636,064	20,701,337	58,337,401	
3.2.2.3.	Interest rate swap purchase transactions	-	1,085,000	62,710,327	63,795,327	1,560,000	38,403,156	39,963,156	
3.2.2.4.	Interest rate swap sale transactions	-	1,085,000	62,710,326	63,795,326	1,560,000	38,403,156	39,963,156	
3.2.3.	Currency, interest rate and security options	-	2,536,251	4,745,424	7,281,675	247,144	919,172	1,166,316	
3.2.3.1.	Currency purchase options	-	1,664,791	1,939,892	3,604,683	143,814	430,420	574,234	
3.2.3.2.	Currency sale options	-	871,460	2,805,532	3,676,992	103,330	488,752	592,082	
3.2.3.3.	Interest rate purchase options	-	-	-	-	-	-	-	
3.2.3.4.	Interest rate sale options	-	-	-	-	-	-	-	
3.2.3.5.	Security purchase options	-	-	-	-	-	-	-	
3.2.3.6.	Security sale options	-	-	-	-	-	-	-	
3.2.4.	Currency futures	-	-	-	-	195,835	186,250	382,085	
3.2.4.1.	Currency purchases futures	-	-	-	-	-	186,250	186,250	
3.2.4.2.	Currency sales futures	-	-	-	-	195,835	-	195,835	
3.2.5.	Interest rate futures	-	-	-	-	-	-	-	
3.2.5.1.	Interest rate purchases futures	-	-	-	-	-	-	-	
3.2.5.2.	Interest rate sales futures	-	-	-	-	-	-	-	
3.2.6.	Other	-	8,410,404	62,825,293	71,235,697	8,410,404	21,378,243	29,788,647	
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)	-	6,536,087,428	7,929,123,346	14,465,210,774	3,965,223,799	3,674,944,874	7,640,168,673	
IV.	ITEMS HELD IN CUSTODY	-	74,480,687	29,968,276	104,448,963	60,514,803	19,202,256	79,717,059	
4.1.	Assets under management	-	-	-	-	-	-	-	
4.2.	Securities held in custody	-	48,632,002	15,941,897	64,573,899	46,735,132	8,853,001	55,588,133	
4.3.	Checks received for collection	-	20,996,825	4,284,423	25,281,248	10,884,832	1,621,141	12,505,973	
4.4.	Commercial notes received for collection	-	2,240,089	1,384,626	3,624,715	1,449,460	425,459	1,874,919	
4.5.	Other assets received for collection	-	2,152	536	2,688	2,152	298	2,450	
4.6.	Securities received for public offering	-	-	-	-	-	-	-	
4.7.	Other items under custody	-	-	309	4,131,708	4,132,017	2,049,708	2,050,017	
4.8.	Custodians	-	2,609,310	4,225,086	6,834,396	1,442,918	6,252,649	7,695,567	
V.	PLEDGED ITEMS	-	1,176,944,808	445,151,990	1,622,096,798	775,302,799	312,599,454	1,087,902,453	
5.1.	Marketable securities	-	415,988	555,091	971,079	321,148	200,660	521,808	
5.2.	Guarantee notes	-	1,435,450	7,150,950	8,586,400	1,153,894	4,085,645	5,239,539	
5.3.	Commodity	-	129,796,090	5,966,459	135,762,549	111,710,308	3,495,630	115,205,938	
5.4.	Warrant	-	-	-	-	-	-	-	
5.5.	Immovables	-	879,409,988	363,737,452	1,243,147,440	529,461,764	262,692,582	792,154,346	
5.6.	Other pledged items	-	165,412,990	67,579,365	232,992,355	132,138,333	41,983,730	174,122,063	
5.7.	Depositories receiving pledged items	-	474,302	162,673	636,975	517,352	141,407	658,759	
VI.	ACCEPTED GUARANTEES AND WARRANTS	-	5,284,661,933	7,454,003,080	12,738,665,013	3,129,406,197	3,343,142,964	6,472,549,161	
	TOTAL OFF BALANCE SHEET COMMITMENTS (A+B)	-	6,746,995,528	8,425,711,162	15,172,706,690	4,132,554,181	3,952,097,452	8,084,651,633	

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED PERIOD
ENDED DECEMBER 31, 2021
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

		Current Period January 1, 2021- December 31, 2021	Prior Period January 1, 2020- December 31, 2020
	Notes		
I.	INTEREST INCOME	72,200,597	47,263,551
1.1	Interest on loans	52,534,154	36,731,110
1.2	Interest received from reserve deposits	906,502	151,349
1.3	Interest received from banks	20,146	42,653
1.4	Interest received from money market transactions	1,719	1,412
1.5	Interest received from marketable securities portfolio	18,731,885	10,328,692
1.5.1	Financial assets at fair value through profit or loss	217,454	90,514
1.5.2	Financial assets at fair value through other comprehensive income	9,244,093	4,346,248
1.5.3	Financial assets measured at amortised cost	9,270,338	5,891,930
1.6	Finance lease interest income	-	-
1.7	Other interest income	6,191	8,335
II.	INTEREST EXPENSES	52,657,216	27,376,148
2.1	Interest on deposits	31,150,596	16,506,836
2.2	Interest on funds borrowed	1,563,941	1,294,251
2.3	Interest on money market transactions	13,515,049	4,534,706
2.4	Interest on securities issued	6,172,494	4,580,755
2.5	Leasing interest income	149,554	136,597
2.6	Other interest expenses	105,582	323,003
III.	NET INTEREST INCOME/EXPENSE (I - II)	19,543,381	19,887,403
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES	4,501,363	3,395,062
4.1	Fees and commissions received	5,950,074	4,230,713
4.1.1	Non-cash loans	997,292	771,180
4.1.2	Other	4,952,782	3,459,533
4.2	Fees and commissions paid	1,448,711	835,651
4.2.1	Non-cash loans	257	465
4.2.2	Other	1,448,454	835,186
V.	DIVIDEND INCOME	120,849	167,839
VI.	TRADING PROFIT/LOSS (Net)	(4,749,785)	(2,550,724)
6.1	Profit/losses from capital market transactions	748,692	1,604,919
6.2	Profit/losses from derivative financial transactions	(6,708,567)	(1,551,158)
6.3	Foreign exchange profit/losses	1,210,090	(2,604,485)
VII.	OTHER OPERATING INCOME	7,947,393	5,382,333
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)	27,363,201	26,281,913
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	11,849,562	11,513,884
X.	OTHER PROVISION EXPENSES (-)	709,529	255,734
XI.	PERSONNEL EXPENSES (-)	3,999,201	3,334,128
XII.	OTHER OPERATING EXPENSES (-)	5,509,188	4,738,894
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)	5,295,721	6,439,273
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER	-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES	-	-
XVI.	NET MONETORY POSITION GAIN/LOSS	-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)	5,295,721	6,439,273
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(1,120,257)	(1,428,817)
18.1	Current tax provision	(166,899)	(1,899,145)
18.2	Expense effect of deferred tax (+)	(5,881,581)	(1,919,239)
18.3	Income effect of deferred tax (-)	4,928,223	2,389,567
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	4,175,464	5,010,456
XX.	INCOME FROM DISCONTINUED OPERATIONS	-	-
20.1	Income from assets held for sale	-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures	-	-
20.3	Other income from discontinued operations	-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)	-	-
21.1	Expenses on assets held for sale	-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures	-	-
21.3	Other expenses from discontinued operations	-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-	-
23.1	Current tax provision	-	-
23.2	Expense effect of deferred tax (+)	-	-
23.3	Income effect of deferred tax (-)	-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	-	-
XXV.	NET PROFIT/LOSSES (XIX+XXIV)	4,175,464	5,010,456
25.1	Equity holders of the Bank	-	-
25.2	Non-controlling interest (-)	-	-
Profit/Loss per 100 shares (full TL)		1.0691	1.5408
		III-XXIV	

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

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

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

	Current Period January 1, 2021 December 31, 2021	Prior Period January 1, 2020 December 31, 2020
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
I. PROFIT (LOSS)	4,175,464	5,010,456
II. OTHER COMPREHENSIVE INCOME	1,022,592	455,570
2.1. Other comprehensive income that will not be reclassified to profit or loss	250,048	396,360
2.1.1. Gains (Losses) on Revaluation of Property, Plant and Equipment	(3,329)	216,662
2.1.2. Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3. Gains (losses) on remeasurements of defined benefit plans	(63,370)	(92,563)
2.1.4. Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	319,513	346,758
2.1.5. Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(2,766)	(74,497)
2.2. Other Comprehensive Income That Will Be Reclassified to Profit or Loss	772,544	59,210
2.2.1. Exchange Differences on Translation	-	-
2.2.2. Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	963,065	71,371
2.2.3. Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4. Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5. Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6. Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	(190,521)	(12,161)
III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	5,198,056	5,466,026

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH. SEE NOTE 1. OF SECTION THREE**

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

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY														
	Accumulated Other Comprehensive Income or Expense/Not Reclassified through Profit or Loss					Accumulated Other Comprehensive Income or Expense/Reclassified through Profit or Loss					Current Period Net Income (Loss)	Total Shareholders' Equity		
	Notes	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5			6	Profit Reserves
Current Period December 31, 2021														
Prior Period End Balance		3,905,622	6,303,277	-	496,202	848,320	(180,215)	2,516,168	80,727	848,510	25,754,720	5,911,327	-	46,484,658
Corrections and Accounting Policy Changes Made According to TAS 8														
Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Beginning Balance (I-II)		3,905,622	6,303,277	-	496,202	848,320	(180,215)	2,516,168	80,727	848,510	25,754,720	5,911,327	-	46,484,658
Total Comprehensive Income						(2,996)	(30,696)	303,740		772,544		4,175,464	-	5,198,056
Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Increase by Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-
Paid-in Capital Inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill Changes		-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' Contributions		-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-
Shareholders' Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-
Profit Distribution					270,026	-	-	-	-	-	818,133	(818,133)	-	270,026
Dividends paid		-	-	-	-	-	-	-	-	-	5,093,194	(5,093,194)	-	-
Transfers to Reserves		-	-	-	-	-	-	-	-	-	5,093,194	(5,093,194)	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance (I+II+...+XI)		3,905,622	6,303,277	-	766,228	845,324	(230,911)	2,819,908	80,727	1,621,054	31,666,047	4,175,464	51,952,740	51,952,740

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

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

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

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

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY														
	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss						Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss						Current Period Net Income (Loss)	Total Shareholders' Equity
	Notes	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Prior Period Net Income (Loss)		
I. Prior Period End Balance		2,500,000	723,918	-	389,695	653,324	(106,165)	2,240,754	80,727	789,300	-	22,952,429	2,802,291	33,026,273
II. Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)		2,500,000	723,918	-	389,695	653,324	(106,165)	2,240,754	80,727	789,300	-	22,952,429	2,802,291	33,026,273
IV. Total Comprehensive Income		-	-	-	-	194,996	(74,050)	275,414	-	59,210	-	-	5,010,456	5,466,026
V. Capital Increase by Cash		1,405,622	5,579,359	-	-	-	-	-	-	-	-	-	-	6,984,981
VI. Capital Increase by Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes		-	-	-	106,507	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-
11.1. Dividends paid		-	-	-	-	-	-	-	-	-	-	-	828,056	1,007,378
11.2. Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	(2,729,476)	-
11.3. Other		-	-	-	-	-	-	-	-	-	-	-	(2,729,476)	-
Ending Balance (I+II+X-XI)		3,905,622	6,303,277	-	496,202	848,320	(180,215)	2,516,168	80,727	848,510	-	25,754,720	900,871	50,010,456
														46,484,658

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

Other (Cash Flow Hedge Income/Loss, Accumulated Amount of the Shares Stated as Other Comprehensive Income Reclassified Through Profit or Loss and Components Reclassified as Other Profit or Loss of the Investments Valued by Equity Method.

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

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

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

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

		Notes	Current Period December 31, 2021	Prior Period December 31, 2020
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities		6,537,172	5,586,957
1.1.1	Interests received		68,207,648	39,185,363
1.1.2	Interests paid		(52,073,287)	(27,364,820)
1.1.3	Dividends received		120,849	167,839
1.1.4	Fee and commissions received		6,376,719	4,876,183
1.1.5	Other income		241,676	1,222,961
1.1.6	Collections from previously written-off loans and other receivables		3,538,614	4,581,483
1.1.7	Cash payments to personnel and service suppliers		(4,374,709)	(3,629,655)
1.1.8	Taxes paid		(2,740,855)	(2,368,133)
1.1.9	Other	V-VI-1	(12,759,483)	(11,084,264)
1.2	Changes in operating assets and liabilities		20,412,187	59,184,638
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		(8,947,136)	(4,982,818)
1.2.2	Net increase (decrease) in due from banks		(32,816,068)	(28,590,543)
1.2.3	Net increase (decrease) in loans		(69,751,741)	(143,828,933)
1.2.4	Net increase (decrease) in other assets		9,420,066	(8,789,654)
1.2.5	Net increase (decrease) in bank deposits		10,178,958	12,482,729
1.2.6	Net increase (decrease) in other deposits		46,691,098	150,008,964
1.2.7	Net increase (decrease) in financial liabilities at fair value through profit or loss		-	-
1.2.8	Net increase (decrease) in funds borrowed		10,902,662	5,968,459
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities	V-VI-1	54,734,348	76,916,434
I.	Net cash flow provided from banking operations		26,949,359	64,771,595
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities		(14,020,388)	(62,790,792)
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures		(526,846)	(294,474)
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures	V-VI-3	-	700
2.3	Cash paid for the purchase of tangible and intangible asset		(2,450,049)	(2,805,046)
2.4	Cash obtained from the sale of tangible and intangible asset		2,064,464	1,081,779
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income		(45,451,465)	(77,707,223)
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income		30,833,769	22,252,495
2.7	Cash paid for the purchase of financial assets at amortized cost		(1,418,048)	(10,980,105)
2.8	Cash obtained from sale of financial assets at amortized cost		2,975,048	5,718,504
2.9	Other	V-VI-1	(47,261)	(57,422)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flow from financing activities		24,734,599	23,284,857
3.1	Cash obtained from funds borrowed and securities issued		39,559,480	35,730,459
3.2	Cash outflow from funds borrowed and securities issued		(14,434,610)	(19,071,449)
3.3	Equity instruments issued		-	7,000,000
3.4	Dividends paid		-	-
3.5	Payments for finance lease liabilities		(390,271)	(374,153)
3.6	Other		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	V-VI-1	5,926,375	20,761
V.	Net increase/decrease in cash and cash equivalents		43,589,945	25,286,421
VI.	Cash and cash equivalents at beginning of the period	V-VI-4	55,051,595	29,765,174
VII.	Cash and cash equivalents at end of the period	V-VI-4	98,641,540	55,051,595

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

(*) The amount shown in other taxes and legal liabilities is deferred income/expense tax, and deferred tax income is not subject to profit distribution.
(**) As of the report date, distributable net profit of the period is not shown as any decision regarding the 2021 profit distribution is not taken.

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

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SECTION THREE

ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated November 1, 2006 and in accordance with the regulations, communiques, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, Turkish Financial Reporting Standards (“TFRS”) enforced by Public Oversight, Accounting and Auditing Standards Authority (“POA”) and related appendices and interpretations (together referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” and amendments to this Communiqué. General board and some regulatory authorities has the authorization to change the legal financial statements after they are published. The Bank maintains its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

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

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

Benchmark Rate Reform - Stage 2, which introduces amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from January 2021, was published in December 2020 and early application of the changes is permitted. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The changes came into effect from 1 January 2021. Loans given from items indexed to benchmark interest rates in the 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.

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

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

In this respect, no inflation adjustment was made in accordance with TAS 29 while preparing the unconsolidated financial statements as of 31 December 2021.

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ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

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

Additional paragraph for convenience translation to English

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

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

Strategy for the use of financial instruments

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

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

Information on foreign currency transactions

Exchange differences arising on amortized cost of financial assets at fair value through profit or loss are recognized in the income statement. Exchange differences arising on unrealized gains and losses are recognized in other comprehensive income or expense in profit or loss. Foreign exchange profits and losses arising from the translation of monetary items and the collection and payment of foreign currency transactions are included in the income statement.

While foreign exchange differences arising from amortized cost values of financial assets that fair value differences’ in foreign currency is reflected in other comprehensive income are recognized in the income statement, the exchange differences calculated on unrealized gains and losses are accounted under the “Accumulated other comprehensive income or expense to be reclassified through profit or loss item in equity.

In March 24, 2020, Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (ESV) shares, which are presented in the paid-in capital of Vakıfbank International AG Turkey Foundations Bank, are purchased by the Bank. Because of the exchange risk arise from the 75.7 Million EUR of Vakıfbank International AG's paid-in capital shares amounting to 100 Million EUR, the fair value hedging strategy has been applied. In this context, 76 Million EUR portion of the securities issued by the Bank on 24 April 2019 with a nominal amount of 700 million Euros and the redemption date of 24 April 2024, were determined as hedging instruments. In this transaction, fair value changes related to the investment abroad, which is a hedged item, are reflected in the income statement as long as the hedging transaction is effective. In this context, as of December 31, 2021, the foreign exchange income presented in the income statement is 458,639 The effectiveness of the transaction is the degree to balance the changes in the fair value of the hedged item that can be associated with the hedged currency risk by the hedging instrument.

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

III. INFORMATION OF ASSOCIATES AND SUBSIDIARIES

Subsidiaries and associates are recognized at fair value in the unconsolidated financial statements, under the standard of, TFRS 9, "Financial Instruments: Turkey Financial Reporting Standards" and in accordance with IAS 27 "Separate Financial Statements".

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ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

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

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

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

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

V. INFORMATION ON INTEREST INCOME AND EXPENSES

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

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

VI. INFORMATION ON FEES AND COMMISSIONS

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

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

VII. INFORMATION ON FINANCIAL ASSETS

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

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

Classification and Measurement of Financial Instruments

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

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

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

The Bank takes into consideration the contractual terms of the financial asset in the evaluation of the contractual cash flows that only include principal and interest payments on the principal. This assessment assesses whether the financial asset contains a contractual clause that could change the timing or amount of contractual cash flow.

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

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

Financial assets at Fair Value Through Profit or Loss

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Financial Assets Measured at Amortized Cost

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

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

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

Derivative Financial Assets

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

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

Loans

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS

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

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

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

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

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)

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

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

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

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

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

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

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

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

Staging

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

Stage 1:

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

Stage 2:

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)

Stage 3:

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

Significant Increase in Credit Risk

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

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

Restruction: Classification of financial assets under stage 2 as a result of the emergence of privileges and financial difficulties in the case of restructuring of financial receivables.

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

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

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

Referring to the BRSA's decision numbered 8970 dated March 27, 2020, within the scope of the measures taken for COVID-19, the Bank will be able to stage 2 loans within the scope of Article 4 of the Regulation on Classification of Loans and Provisions to be Set aside, effective from March 17, 2020. The 30-day delay period foreseen for the classification in stage 1 started to be applied as 90 days for the loans followed in the stage 1 and continued to calculate the expected credit loss provision for these loans according to their own risk models. With the BRSA's decision dated September 16, 2021 and numbered 9795, it has been decided to terminate the application as of the end of September 30, 2021.

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)

Default Definition

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

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

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

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

Write-off Policy

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

Asset Sales Policy

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

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ACCOUNTING POLICIES (Continued)

IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS

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

X. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING

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

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

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

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

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

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, there is no goodwill on financial statements.

The Bank’s intangible assets consist of software. Intangible assets are initially recorded at their costs in compliance with the TAS 38 – *Intangible Assets*.

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

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

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

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ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON TANGIBLE ASSETS

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

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

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

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

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

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

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

XIV. INFORMATION ON LEASING ACTIVITIES

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XIV. INFORMATION ON LEASING ACTIVITIES (Continued)

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

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

XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

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

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of unplanned or unexpected one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Bank discloses the contingent asset.

XVI. INFORMATION ON OBLIGATIONS OF THE BANK CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

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

The Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the TAS 19 – Employee Benefits.

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

	Current Period - 31 December 2021	Prior Period - 31 December 2020
Discount Rate	18.45%	12.80%
Estimated Inflation Rate	15.00%	9.50%
Real Wage Increase Rate	16.00%	10.50%

Other benefits to employees

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

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

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ACCOUNTING POLICIES (Continued)

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

Pension fund

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

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

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

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION

Corporate tax

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

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Except for the dividend payments to these institutions, the withholding tax rate on the dividend payments is 15%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax. No further tax is paid if the profit is not distributed.

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

Corporation tax legislation for the foreign branches

Bahrain

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

Erbil

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

New York

New York branch is taxable according to state law legislation and country law legislation. Double Tax Treaty Agreements is stated for being taxed in Turkey.

Qatar

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

Deferred taxes

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

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

Transfer Pricing

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

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

XVIII. INFORMATION ON CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank of Turkey (CBRT); and cash equivalents include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XIX. ADDITIONAL INFORMATION ON BORROWINGS

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

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

The bank is not hedging about debt instruments.

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES

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

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

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ACCOUNTING POLICIES (Continued)

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES (Continued)

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

In 20 May 2020 the shares with a nominal value of TL 1,405,622 issued by the Bank are sold with a dedicated sales method for a share with a nominal value of TL 1, with a total sales revenue of TL 7,000,000 over the price of TL 4.98. As of the same date, the shares were sold to Turkey Wealth Fund through the wholesale transaction method in stock market and the capital increase transactions have been completed and the amount of 5,579,359 TL was recorded as share premium.

XXI. INFORMATION ON CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES

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

XXII. INFORMATION ON GOVERNMENT INCENTIVES

As at December 31, 2021 and December 31, 2020, the Bank does not have any government incentives.

XXIII. INFORMATION ON SEGMENT REPORTING

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- For which discrete financial information is available.

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

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ACCOUNTING POLICIES (Continued)

XXIV. INFORMATION ON OTHER MATTERS

Earnings per share

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

As at and for the period ended December 31, 2021, earnings per 100 shares are full TL 1.0691 (December 31, 2020: full TL 1.5408).

Related parties

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

Classifications

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

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT

I. INFORMATION ON EQUITY ITEMS

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

Additionally, the recent revision changes considered are as follows:

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

In accordance with the BRSA's regulation dated December 21, 2021 and numbered 9996, prior to this date used in the calculation of the capital adequacy ratio, the equity amount calculated omitting the negative valuation differences related to the securities in the portfolio "Securities at Fair Value Reflected in Other Comprehensive Income".

As of December 31, 2021 Bank’s equity amount TL 79,523,759 (December 31, 2020: 65,379,700 TL) capital adequacy ratio is 14.85% (December 31, 2020: 16.44%).

Current Period - December 31, 2021	Amount	Amount as per the regulation before 1/1/2014(*)
COMMON EQUITY TIER I CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	3,905,622	
Share Premium	6,303,277	
Reserves	31,666,047	
Income recognized under equity in accordance with TAS	7,418,705	
Profit	4,175,464	
Current Period's Profit	4,175,464	
Prior Period's Profit	-	
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	766,228	
Common Equity Tier 1 Capital Before Deductions	54,235,343	
Deductions from Common Equity Tier 1 Capital	-	
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9	-	
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	413,830	-
Leasehold Improvements on Operational Leases	183,441	-
Goodwill netted with deferred tax liability	-	-
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	274,111	274,111
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
The amount to be deducted from common equity tier 1 capital	-	-
Total regulatory adjustments to Common equity Tier 1	871,382	
Common Equity Tier 1 capital (CET1)	53,363,961	
Additional Tier 1 capital: instruments	15,638,650	
Premiums that are not included in Common Equity Tier 1 capital	-	
Bank's borrowing instruments and related issuance premium	15,638,650	
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Additional Tier 1 Capital before deductions	-	-
Deductions from Additional Tier 1 Capital	-	-
Bank's direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

		Amount as per the regulation before
Current Period - December 31, 2021	Amount	1/1/2014(*)
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 Capital	-	-
Total Additional Tier 1 Capital	15,638,650	-
Total Tier 1 Capital (Tier 1 Capital=Common Equity+Additional Tier 1 Capital)	69,002,611	-
TIER 2 CAPITAL	-	-
Bank’s borrowing instruments and related issuance premium	4,299,907	-
Bank’s borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	6,232,034	-
Tier 2 Capital Before Deductions	10,531,941	-
Deductions From Tier 2 Capital	-	-
Bank’s direct or indirect investment in Tier 2 Capital (-)	-	-
Investments of Bank to Banks that invest on Bank’s Tier 2 and components of equity issued by Financial Institutions with the conditions declared in Article 8	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	-
Other Items Determined by BRSA (-)	-	-
Total Deductions From Tier 2 Capital	-	-
Tier 2 Capital	10,531,941	-
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	79,534,552	-
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	10,793	-
Other accounts to be defined by the BRSA (-)	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
TOTAL CAPITAL	-	-
Total Capital	79,523,759	-
Total Risk Weighted Amounts	535,633,275	-
Capital Adequacy Ratios	-	-
Core Capital Adequacy Ratio (%)	9.96	-
Tier 1 Capital Adequacy Ratio (%)	12.88	-
Capital Adequacy Ratio (%)	14.85	-
BUFFERS	-	-
Total buffer requirement (a+b+c)	2.506	-
a) Capital conservation buffer requirement (%)	2.500	-
b) Bank specific counter-cyclical buffer requirement (%)	0.006	-
c) Systemically important banks buffer requirement (%)**	0.000	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	5.46	-
Amounts below deduction thresholds	-	-
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	-
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Limits related to provisions considered in Tier 2 calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	12,065,932	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	6,232,034	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	-
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

		Amount as per the regulation before
Prior Period - December 31, 2020	Amount	1/1/2014(*)
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital to be entitled for compensation after all creditors	3,905,622	-
Share Premium	6,303,277	-
Reserves	25,754,720	-
Income recognized under equity in accordance with TAS	4,333,606	-
Profit	5,911,327	-
Current Period’s Profit	5,010,456	-
Prior Period’s Profit	900,871	-
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period’s profit	496,202	-
Common Equity Tier 1 Capital Before Deductions	46,704,754	-
Deductions from Common Equity Tier 1 Capital	-	-
Valuation adjustments calculated as per the (i) item of first paragraph of Article 9	-	-
Net loss for the prior year losses and uncovered portion of the total reserves and losses that are recognized under equity in accordance with TAS	184,281	-
Leasehold Improvements on Operational Leases	186,177	-
Goodwill netted with deferred tax liability	-	-
Other intangible assets netted with deferred tax liabilities except mortgage servicing rights	251,975	251,975
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Excess amount expressed in the law (Article 56 4th paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions (amount above 10% threshold) of Tier 1 Capital	-	-
Mortgage servicing rights (amount above 10% threshold) of Tier 1 Capital	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amounts exceeding 15% of Tier 1 Capital according to Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (2nd article temporary second paragraph)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible long positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-
Amounts related to mortgage servicing rights	-	-
Excess amount of deferred tax assets from temporary differences	-	-
Other Items Determined by BRSA	-	-
The amount to be deducted from common equity tier 1 capital	-	-
Total regulatory adjustments to Common equity Tier 1	622,433	-
Common Equity Tier 1 capital (CET1)	46,082,321	-
Additional Tier 1 capital: instruments	11,397,014	-
Premiums that are not included in Common Equity Tier 1 capital	-	-
Bank’s borrowing instruments and related issuance premium	11,397,014	-
Bank’s borrowing instruments and related issuance premium (Temporary Article 4)	-	-
Additional Tier 1 Capital before deductions	-	-
Deductions from Additional Tier 1 Capital	-	-
Bank’s direct or indirect investment in Tier 1 Capital	-	-
Investments of Bank to Banks that invest in Bank’s additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10%	-	-
Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items Determined by BRSA	-	-

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I. INFORMATION ON EQUITY ITEMS (Continued)

Prior Period - December 31, 2020	Amount	Amount as per the regulation before 1/1/2014(*)
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The amount to be deducted from Additional Tier 1 Capital (-)	-	-
Total Deductions from Additional Tier 1 Capital	-	-
Total Additional Tier 1 Capital	11,397,014	-
Total Tier 1 Capital (Tier 1 Capital+Common Equity+Additional Tier 1 Capital)	57,479,335	-
TIER 2 CAPITAL		
Bank's borrowing instruments and related issuance premium	3,271,420	-
Bank's borrowing instruments and related issuance premium (Temporary Article 4)	325,763	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	4,640,057	-
Tier 2 Capital Before Deductions	7,911,477	-
Deductions From Tier 2 Capital	-	-
Bank's direct or indirect investment in Tier 2 Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by Financial Institutions with the conditions declared in Article 8	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% threshold of Common Equity Tier 1 Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Core Capital and Tier 2 Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier 1 Capital	-	-
Other Items Determined by BRSA (-)	-	-
Total Deductions From Tier 2 Capital	-	-
Tier 2 Capital	7,911,477	-
Total Capital (The sum of Tier 1 Capital and Tier 2 Capital)	65,390,812	-
The sum of Tier 1 Capital and Tier 2 Capital (Total Capital)	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables Exceeding 50% of the Equity and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 of the Banking Law but Retained More Than Five Years (-)	11,112	-
Other items to be defined by the BRSA (-)	-	-
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Common Equity, Additional Tier 1 Capital, Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of direct or indirect investments made in Additional Tier 1 and Tier 2 Capital items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank not to be deducted from the Additional Tier 1 Capital and Tier 2 Capital as per the 1st clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Portion of the total of net long positions of investments made in Common Equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per the 1st and 2nd Paragraph of the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
TOTAL CAPITAL	-	-
Total Capital	65,379,700	-
Total Risk Weighted Amounts	397,695,782	-
Capital Adequacy Ratios	-	-
Core Capital Adequacy Ratio (%)	11.59	-
Tier 1 Capital Adequacy Ratio (%)	14.45	-
Capital Adequacy Ratio (%)	16.44	-
BUFFERS	-	-
Total buffer requirement (a+b+c)	2.507	-
a) Capital conservation buffer requirement (%)	2.500	-
b) Bank specific counter-cyclical buffer requirement (%)	0.007	-
c) Systemically important bank buffer requirement (%) ^(**)	0.000	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	7.09	-
Amounts below deduction thresholds	-	-
Amounts arising from the net long positions of investments made in Total Capital items of banks and financial institutions where the Bank owns 10% or less of the issued common share capital	-	-
Amounts arising from the net long positions of investments made in Tier 1 Capital items of banks and financial institutions where the Bank owns 10% or more of the issued common share capital	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Limits related to provisions considered in Tier 2 calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	8,630,600	-
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	4,640,057	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	-
Upper limit for Additional Tier 1 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 1 Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier 2 Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier 2 Capital subjected to temporary Article 4	-	-

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio

Current Period - December 31, 2021		T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.
Issuer		XS0849728190 / US90015NAB91	XS1551747733 / US90015VAE30	TRSVKFB92719	TRSVKFBFA0043	XS1984644812	TRSVKFB92925
Unique identifier (CUSIP, ISIN vb.)							
Governing law(s) of the instrument		Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB- VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity
Regulatory treatment							
Subject to 10% deduction as of 1/1/2015		Subject to deduction	Not subject to deduction	Not subject to deduction	Not subject to deduction	Not subject to deduction	Not subject to deduction
Eligible at solo/group&solo		Available	Available	Available	Available	Available	Available
Instrument type		Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)		-	3,050	525	4,994	10,645	725
Par value of instrument (in million)		8,353	3,050	525	4,994	10,645	725
Accounting classification		347011- Subordinated Liabilities	347011- Subordinated Liabilities	346011- Subordinated Liabilities	346001- Subordinated Liabilities	347001- Subordinated Liabilities	346011 -Subordinated Liabilities
Original date of issuance		November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Perpetual or dated		Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: November 1, 2027	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date		November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Issuer call subject to prior supervisory approval		Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount		Not available.	Early call date at November 1, 2022 is available.	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable		Not available.	Only one call option is available.	Only one call option is available.	September 27, 2023	April 24, 2024	Only one call option is available

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Current Period - December 31, 2021

Coupons / dividends					
Fixed or floating dividend/coupon	Fixed interest rate / Interest payment once in six months, principal payment at the maturity date	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date	Fixed interest rate / Interest payment once in six months	Fixed interest rate / Interest payment once in a year	Floating interest rate/ Interest payment once in three months, principal payment at the maturity date
Coupon rate and any related index	6% fixed interest rate at the maturity date	5 years maturity "Indicator Government Debt Security" +3.50 basis points	% 12.62 fixed interest rate	% 5.07% fixed interest rate	TLREF + 150 basis points
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible					
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Nil
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil
If convertible, specify instrument type	Nil	Nil	Nil	Nil	Nil
If convertible, specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil

Write-down feature		Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.		Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity.		Available. BRSA regulation on bank's shareholder equity and the matters referred to in Article 7 of Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity.		Available. Revoking the business activity of Bank according to 71 clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	
If write-down, full or partial	Not available.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.
If write-down, permanent or temporary	Not available.	Has permanent write down feature.	Has permanent write down feature.	Has permanent write down feature.	Has permanent write down feature.	Has permanent write down feature.	Has permanent write down feature.	Has permanent write down feature.	Has permanent write down feature.
If temporary write-down, description of write-up mechanism	Not available.	Has no write-up mechanism.	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has no write-up mechanism.	Has no write-up mechanism.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 7	Possess Article 7	Possess Article 8	Possess Article 8
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Possess Article 7	Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7	Not Possess Article 7

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Prior Period - December 31, 2020												
Issuer	TVakıflar Bankası T.A.O.		TVakıflar Bankası T.A.O.		TVakıflar Bankası T.A.O.		TVakıflar Bankası T.A.O.		TVakıflar Bankası T.A.O.		TVakıflar Bankası T.A.O.	
Unique identifier (CUSIP, ISIN vb.)	XS0849728190 / US90015NAB91		XS1551747733 / US90015WAE30		TRSVKFTB92719		TRSVKFTB92719		XS1984644812		TRSVKFTB92925	
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity		Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity		Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity		Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity		Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity		Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	
	Subject to 10% deduction as of 1/1/2015		Regulatory treatment Not subject to deduction.		Not subject to deduction.		Not subject to deduction.		Not subject to deduction.		Not subject to deduction.	
	Eligible at solo/group&solo		Available		Available		Available		Available		Available	
	Instrument type		Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)		Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)		Additional Capital Bond Issuance (Tier I Capital)		Additional Capital Bond Issuance (Tier I Capital)		Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	
	Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)		325		1,696		525		4,994		6,403	
Par value of instrument (in million)		4,644		1,696		525		4,994		6,403		
Accounting classification		3470111- Subordinated Liabilities		3470111- Subordinated Liabilities		3460011- Subordinated Liabilities		3460011- Subordinated Liabilities		3460111- Subordinated Liabilities		
Original date of issuance		November 1, 2012		February 13, 2017		September 18, 2017		September 27, 2018		April 24, 2019		
Perpetual or dated		Dated (10 years) Maturity Date: November 1, 2022		Dated (10 years) Maturity Date: November 1, 2027		Dated (10 years) Maturity Date: September 6, 2027		Undated		Undated		
Issue date		November 1, 2012		February 13, 2017		September 18, 2017		September 27, 2018		April 24, 2019		
Issuer call subject to prior supervisory approval		Available		Available		Available		Available		Available		
Call option dates, conditioned call dates and call amount		Not available.		Early call date at November 1, 2022 is available.		Early call date at the end of five years.		Early call option at the end of five years is available and this option may be used depending on the BRSA approval.		Early call date at the end of five years.		
Subsequent call dates, if applicable		Not available.		Only one call option is available.		Only one call option is available.		September 27, 2023		April 24, 2024		
										Only one call option is available		

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Summary information related to capital adequacy ratio (Continued)

Prior Period - December 31, 2020

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

I. INFORMATION ON EQUITY ITEMS (Continued)

Reconciliation of capital items to balance sheet:

	Current Period December 31, 2021	Prior Period December 31, 2020
Shareholders’ equity	51,952,740	46,484,658
Valuation differences of the marketable securities (*)	1,868,773	35,815
Leasehold improvements on operational leases	(183,441)	(186,177)
Goodwill and intangible assets	(274,111)	(251,975)
General provision (1.25% of the amount that subject to credit risk) (**)	6,232,034	4,640,057
Subordinated debt	19,938,557	14,668,434
Deductions from shareholders’ equity	(10,793)	(11,112)
Capital	79,523,759	65,379,700

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

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

II. CREDIT RISK

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

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CREDIT RISK (Continued)

For credit risk management purposes, Risk Management Department operates in

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

Credit risk is defined and managed for all cash and non-cash agreements and transactions, which carry counterparty risk. Loans with renegotiated terms are followed in accordance with Bank’s credit risk management and follow-up principles. The financial position and trading operations of related customers are continuously analyzed and principal and interest payments, scheduled in renegotiation agreement, are strictly controlled by related departments. In the framework of Bank’s risk management concept, long term commitments are accepted more risky than short term commitments.

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

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

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

The Bank’s largest 100 cash loan customers compose 35.05% of the total cash loan portfolio (December 31, 2020: 28.80%).

The Bank’s largest 100 non-cash loan customers compose 51.91% of the total non-cash loan portfolio (December 31, 2020: 48.92%).

The Bank’s largest 100 cash loan customers compose 19.97% of total assets of the Bank and the Bank’s largest 100 non-cash loan customers compose 14.10% of total off-balance sheet items (December 31, 2020: 17.40% and 11.14%).

The Bank’s largest 200 cash loan customers compose 42.08% of the total cash loan portfolio (December 31, 2020: 35.09%).

The Bank’s largest 200 non-cash loan customers compose 64.03% of the total non-cash loan portfolio (December 31, 2020: 62.95%).

The Bank’s largest 200 cash loan customers compose 23.98% of total assets of the Bank and the Bank’s largest 200 non-cash loan customers compose 17.39% of total off-balance sheet items (December 31, 2020: 21.19% and 14.34%).

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CREDIT RISK (Continued)

Information on loan types and expected loss provisions:

	Commercial Loans		Consumer Loans		Credit Cards		Total	
Current Period, December 31, 2021	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
Loans	456,643,309	22,401,994	110,814,525	2,348,927	24,552,037	1,175,456	592,009,871	25,926,377
Stage 1	382,796,800	2,185,066	105,741,681	255,202	23,002,578	359,619	511,541,059	2,799,887
Stage 2	59,524,438	8,617,933	2,036,922	297,505	597,891	77,184	62,159,251	8,992,622
Stage 3	14,322,071	11,598,995	3,035,922	1,796,220	951,568	738,653	18,309,561	14,133,868
Financial Assets and Other Assets	416,767,719	68,462	-	-	-	-	416,767,719	68,462
Non Cash Loans and Commitments	266,243,107	264,267	-	-	-	-	266,243,107	264,267
Stage 1	261,395,489	186,096	-	-	-	-	261,395,489	186,096
Stage 2	4,196,076	18,865	-	-	-	-	4,196,076	18,865
Stage 3	651,542	59,306	-	-	-	-	651,542	59,306
Total	1,139,654,135	22,734,723	110,814,525	2,348,927	24,552,037	1,175,456	1,275,020,697	26,259,106

	Commercial Loans		Consumer Loans		Credit Cards		Total	
Prior Period, December 31, 2020	Balance	Provision	Balance	Provision	Balance	Provision	Balance	Provision
Loans	326,013,086	18,275,567	97,973,205	2,197,842	15,501,125	1,114,329	439,487,416	21,587,738
Stage 1	278,653,741	2,324,785	94,965,604	513,238	14,393,403	330,780	388,012,748	3,168,803
Stage 2	32,537,635	4,834,735	1,248,806	248,032	243,970	28,919	34,030,411	5,111,686
Stage 3	14,821,710	11,116,047	1,758,795	1,436,572	863,752	754,630	17,444,257	13,307,249
Financial Assets and Other Assets	265,227,726	133,749	-	-	-	-	265,227,726	133,749
Non Cash Loans and Commitments	156,303,022	278,244	-	-	-	-	156,303,022	278,244
Stage 1	153,026,076	186,159	-	-	-	-	153,026,076	186,159
Stage 2	2,660,603	30,203	-	-	-	-	2,660,603	30,203
Stage 3	616,343	61,882	-	-	-	-	616,343	61,882
Total	747,543,834	18,687,560	97,973,205	2,197,842	15,501,125	1,114,329	861,018,164	21,999,731

Information on expected loss provisions for loans:

Current Period December 31, 2021	Stage 1	Stage 2	Stage 3
Provision balance at the beginning	3,168,803	5,111,686	13,307,249
Additional provisions during the period	323,623	5,282,365	2,337,298
Disposals during the period (-)	562,953	1,472,564	734,245
Deleted from assets (-)	-	-	834,885
Transfers to stage 1	178,827	(178,513)	(314)
Transfers to stage 2	(261,240)	440,399	(179,159)
Transfers to stage 3	(47,173)	(190,751)	237,924
Provision Balance at the end of the Period	2,799,887	8,992,622	14,133,868

Prior Period December 31, 2020	Stage 1	Stage 2	Stage 3
Provision balance at the beginning	1,602,198	1,859,729	12,181,535
Additional provisions during the period	1,910,513	2,938,489	3,570,026
Disposals during the period (-)	414,946	541,634	627,383
Deleted from assets (-)	-	-	890,789
Transfers to stage 1	118,494	(117,934)	(560)
Transfers to stage 2	(40,330)	1,115,777	(1,075,447)
Transfers to stage 3	(7,126)	(142,741)	149,867
Provision Balance at the end of the Period	3,168,803	5,111,686	13,307,249

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CREDIT RISK (Continued)

The general provision for credit risk amounts to TL 12,065,932 (December 31, 2020: TL 8,630,600).

Risk Classifications:	Current Period Risk Amount ^(*)	Average Risk Amount ^(*) ^(**)
Claims on sovereigns and Central Banks	416,188,160	337,482,811
Claims on regional governments or local authorities	7,888,575	8,540,052
Claims on administrative bodies and other non-commercial undertakings	888,105	519,900
Claims on multilateral development banks	-	169
Claims on international organizations	-	-
Claims on banks and intermediary institutions	54,007,406	54,770,704
Claims on corporate	304,948,444	268,484,650
Claims included in the regulatory retail portfolios	122,374,968	108,472,541
Claims secured by residential property	107,301,192	92,524,179
Past due loans	4,184,225	3,733,877
Higher risk categories decided by the Agency	14,114,969	4,079,284
Marketable securities secured by mortgages	-	-
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	7,806	7,336
Stock Investments	6,633,588	6,216,321
Other claims	17,868,462	18,020,335

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

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

Risk Classifications:	Prior Period Risk Amount ^(**)	Average Risk Amount ^(*) ^(**)
Claims on sovereigns and Central Banks	307,268,871	211,991,626
Claims on regional governments or local authorities	9,611,695	10,431,664
Claims on administrative bodies and other non-commercial undertakings	444,570	458,883
Claims on multilateral development banks	9,335	5,383
Claims on international organizations	-	-
Claims on banks and intermediary institutions	56,943,690	36,139,759
Claims on corporate	221,982,623	187,555,285
Claims included in the regulatory retail portfolios	98,093,070	87,905,370
Claims secured by residential property	83,476,378	73,000,360
Past due loans	3,841,385	4,337,210
Higher risk categories decided by the Agency	200,935	135,837
Marketable securities secured by mortgages	-	-
Securitization exposures	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-
Undertakings for collective investments in mutual funds	411	34
Stock Investments	5,256,930	3,735,362
Other claims	16,675,297	15,123,020

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CREDIT RISK (Continued)

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

Current Period - December 31, 2021	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non- commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporate institutions	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Undertakings for collective investments in mutual funds	Stock Investments	Other receivables	Total
Domestic	414,428,006	7,888,575	888,105	-	-	11,956,406	289,507,366	122,374,968	107,301,192	4,184,225	14,031,472	-	-	7,806	363,858	17,868,462	990,800,441
EU countries	-	-	-	-	-	32,899,982	-	-	-	-	7,570	-	-	-	-	-	32,907,552
OECD countries ^(*)	-	-	-	-	-	228,982	-	-	-	-	-	-	-	-	-	-	228,982
Off-shore banking regions	220,213	-	-	-	-	-	13,330,049	-	-	-	-	-	-	-	-	-	14,203,513
USA, Canada	1,363,321	-	-	-	-	653,251	5,966,372	-	-	-	-	-	-	-	-	-	9,159,235
Other countries	176,620	-	-	-	-	2,177,466	281,487	-	-	-	75,927	-	-	-	-	-	2,711,500
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	124,947	-	-	-	-	-	-	-	-	6,269,730	-	6,394,677
Undistributed Assets/ Liabilities ^(**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	416,188,160	7,888,575	888,105	-	-	54,007,406	304,948,444	122,374,968	107,301,192	4,184,225	14,114,969	-	-	7,806	6,633,588	17,868,462	1,056,405,900

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CREDIT RISK (Continued)

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

Prior Period - December 31, 2020	Claims on sovereigns Central Banks	Claims on governments or local authorities	Claims on administrative bodies and other non- commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims and short term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Stock investments	Other receivables	Total
Domestic	306,873,003	9,611,695	444,219	-	-	9,148,698	210,512,376	98,091,289	83,376,556	3,841,385	-	-	-	-	411	324,908	16,675,297	738,899,837
EU countries	35,698	-	351	-	9,335	-	42,885,862	441,154	-	-	-	-	-	-	-	-	-	43,375,093
OECD countries ^(*)	-	-	-	-	-	-	168,113	1,405	-	-	1,288	-	-	-	-	-	-	168,113
Off-shore banking	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
regions	-	-	-	-	-	-	884,126	9,440,475	-	-	-	-	-	-	-	-	-	10,418,926
USA, Canada	288,607	-	-	-	-	-	2,507,149	1,426,908	376	5,497	-	-	-	-	-	-	-	4,228,537
Other countries	71,563	-	-	-	-	-	1,249,390	161,710	-	-	199,647	-	-	-	-	-	-	1,682,310
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,932,022	-	5,032,374
Undistributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets/ Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
^(**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	307,268,871	9,611,695	444,570	9,335	-	56,943,690	221,982,623	98,093,070	83,476,378	3,841,385	200,935	-	-	-	411	52,56,930	16,675,297	803,808,190

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Risk profile according to sectors and counterparties ^(*)

Current Period - December 31, 2021	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	273,945	232	853	-	-	-	860,807	2,142,455	1,337,952	46,004	36,062	-	-	-	-	-	-	4,562,975	144,335	4,707,310
Farming and raising livestock	247,223	232	853	-	-	-	785,800	2,062,161	1,306,716	42,936	35,667	-	-	-	-	-	-	4,421,648	60,000	4,481,648
Forestry	7466	-	-	-	-	-	108	40,974	23,359	480	344	-	-	-	-	-	-	67,722	5,409	73,131
Manufacturing	9,181,438	486,109	1,023	-	-	-	136,970,824	16,566,186	18,780,986	729,341	48,750	-	-	-	-	-	-	97,507,530	85,257,127	182,764,657
Fishing	18,856	-	-	-	-	-	11,014,261	385,722	359,682	61,551	487	-	-	-	-	-	-	73,605	78,926	152,531
Mining	194,087	-	-	-	-	-	95,478,894	15,770,068	17,922,305	500,076	47,702	-	-	-	-	-	-	3,211,680	8,804,110	12,015,790
Production	8,860,710	-	658	-	-	-	30,477,669	410,396	498,999	167,714	561	-	-	-	-	-	-	84,809,262	53,771,151	138,580,413
Electric, Gas, Water	126,641	486,109	365	-	-	-	36,165,316	5,655,444	10,671,095	909,746	23,834	-	-	-	-	-	-	9,486,588	22,681,866	32,168,454
Construction	15,130,963	64	22	-	-	-	51,766,118	114,407,676	36,382,031	985,117	1,023,303	-	-	-	7,806	363,859	-	39,450,233	29,109,251	68,559,484
Services	281,663,049	7,396,079	533,162	-	-	-	35,627,881	23,688,115	18,857,005	721,748	229,108	-	-	-	-	-	-	335,698,136	196,131,189	531,829,325
Wholesale and retail trade	9,308,323	1,298	1,491	-	-	-	-	-	-	-	-	-	-	-	-	-	-	72,972,728	15,462,241	88,434,969
Hotel, Food and Beverage Services	1,426,334	-	90	-	-	-	7,927,598	2,046,466	8,764,555	77,271	91,455	-	-	-	-	-	-	8,601,923	11,731,746	20,333,669
Transportation and Telecommunication	8,052,676	21	10,078	-	-	-	48,538,462	5,885,843	4,574,084	103,514	124,623	-	-	-	-	-	-	16,955,312	50,333,989	67,289,301
Financial Institutions	261,476,277	-	2,333	-	-	-	51,766,118	15,575,054	880,291	478,163	101,325	-	-	-	7,806	363,859	-	215,888,913	114,770,054	330,658,967
Real Estate and renting services	302,410	-	436,309	-	-	-	3,151,738	2,873,320	2,809,170	40,892	436,737	-	-	-	-	-	-	8,941,063	1,109,713	10,050,776
Self-employment services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education services	313,650	-	372	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,538,459	32,187	2,570,646
Health and social services	783,779	7,396,760	82,489	-	-	-	2,676,948	674,144	829,172	11,495	36,710	-	-	-	-	-	-	9,799,738	2,691,259	12,490,997
Other	109,938,765	4,091	353,045	-	-	2,241,288	16,534,821	61,628,852	39,209,034	1,514,017	12,983,020	-	-	-	-	6,269,729	17,868,462	176,829,609	91,715,515	268,545,124
Total	416,188,160	7,888,575	888,105	-	-	54,007,406	304,948,444	122,374,968	107,301,192	4,184,225	14,114,969	-	-	-	7,806	6,633,888	17,868,462	654,048,483	402,357,417	1,056,405,900

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Risk profile according to sectors and counterparties ^(*)

Prior Period - December 31, 2020	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Toplam
Agricultural	491,965	356,5	882	-	-	308	796,430	1,221,978	1,002,276	44,362	-	-	-	-	-	-	-	3,442,068	119,698	3,561,766
Farming and raising livestock	453,400	307,4	882	-	-	308	741,871	1,135,605	976,996	39,921	-	-	-	-	-	-	-	3,287,139	65,008	3,352,147
Forestry	6,355	491	0	-	-	-	99	63,683	16,478	480	-	-	-	-	-	-	-	82,531	5,055	87,586
Fishing	32,120	0	0	-	-	-	54,460	22,690	8,802	3,961	-	-	-	-	-	-	-	72,398	49,635	122,033
Manufacturing	15,208,352	308,360	708	-	-	31,457	95,761,486	8,261,641	13,573,037	930,354	-	-	-	-	-	-	-	75,836,989	58,298,606	134,135,595
Mining	348,433	0	0	-	-	-	8,163,369	239,910	405,695	40,037	-	-	-	-	-	-	-	2,996,677	6,200,767	9,197,444
Production	14,694,530	486,4	343	-	-	2,713	64,915,540	7,676,462	12,685,248	620,683	-	-	-	-	-	-	-	65,475,882	35,124,501	100,600,383
Electric, Gas, Water	165,389	363,496	365	-	-	28,744	22,682,577	345,269	482,094	269,834	-	-	-	-	-	-	-	7,364,430	16,973,338	24,337,768
Construction	11,689,300	196,5	15	-	-	516	25,939,638	3,446,348	8,748,155	1,203,809	-	-	-	-	-	-	-	29,652,655	21,377,091	51,029,746
Services	171,292,957	91,82,913	156,391	9,335	-	56,910,427	59,565,750	10,705,554	14,922,890	266,714	200,935	-	-	-	411	324,909	-	166,983,048	157,156,138	323,539,186
Wholesale and retail trade	10,928	1683	499	-	-	-	15,097	13,932	5,301	63	-	-	-	-	-	-	-	47,459	66	47,525
Hotel, Food and Beverage Services	2,096,097	285,6	17	-	-	-	6,231,362	1,602,201	6,764,771	57,387	-	-	-	-	-	-	-	8,214,484	8,540,207	16,754,691
Transportation and Telecommunication	7,320,579	1153	22,942	-	-	47024	34,336,421	4,593,395	3,580,941	111,535	-	-	-	-	-	-	-	12,973,241	37,040,749	50,013,990
Financial Institutions	160,985,584	964	4,881	9,335	-	56,861,414	14,273,629	1,029,522	493,175	10,371	200,935	-	-	-	411	324,909	-	125,102,692	109,092,638	234,195,330
Real Estate and renting services	525,075	4	96,323	-	-	1915	2,473,854	2,499,059	45,329	-	-	-	-	-	-	-	-	7,335,293	1,065,118	8,400,411
Self-employment services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education services	346,983	1206	64	-	-	-	1,036,011	256,503	813,192	23,923	-	-	-	-	-	-	-	2,477,039	845	2,477,884
Health and social services	7,711	9,175,045	31,665	-	-	74	1,199,376	451,129	766,451	17,904	-	-	-	-	-	-	-	10,232,840	1,416,515	11,649,355
Other	108,586,297	54,892	286,574	-	-	982	39,919,319	74,457,549	45,230,020	1,395,946	-	-	-	-	411	52,56,930	16,675,297	197,917,394	93,621,503	291,538,897
Total	307,268,871	9,611,695	444,570	9,335	-	56,943,690	221,982,623	98,093,070	83,476,378	3,841,385	200,935	-	-	-	411	52,56,930	16,675,297	473,232,154	330,573,026	803,805,190

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

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

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

Risk Classifications-Current Period - December 31, 2021	According to their outstanding maturities					
	1 month	1-3 month	3-6 month	6-12 month	1 year and over	Undistributed
Claims on sovereigns and Central Banks	90,100,805	1,865,185	5,969,274	19,931,238	298,321,658	-
Claims on regional governments or local authorities	11,158	135,669	135,852	203,021	7,402,875	-
Claims on administrative bodies and other non-commercial undertakings	38,595	17,055	13,429	375,732	443,294	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	15,522,662	3,304,644	1,741,590	3,252,809	30,185,701	-
Claims on corporate	16,252,175	24,264,620	19,948,496	51,518,443	192,964,710	-
Claims included in the regulatory retail portfolios	1,460,779	2,712,869	3,929,010	19,500,742	94,771,568	-
Claims secured by residential property	982,588	2,612,390	3,800,700	16,733,155	83,172,359	-
Past due loans	-	-	-	-	-	4,184,225
Higher risk categories decided by the Agency	1,552	8,950	887	25,935	14,077,645	-
Marketable securities secured by mortgages	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	7,806	-
Stock Investments	-	-	-	-	6,633,588	-
Other claims	-	-	-	-	17,868,462	-
TOTAL	124,370,314	34,921,382	35,539,238	111,541,075	745,849,666	4,184,225

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

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

Risk Classifications-Prior Period - December 31, 2020	According to their outstanding maturities					
	1 month	1-3 month	3-6 month	6-12 month	1 year and over	Undistributed
Claims on sovereigns and Central Banks	27,119,525	1,955,876	4,975,209	10,352,819	262,865,442	-
Claims on regional governments or local authorities	10,776	145,653	153,478	386,643	8,915,145	-
Claims on administrative bodies and other non-commercial undertakings	2,233	3,499	6,633	6,833	425,372	-
Claims on multilateral development banks	9,335	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	25,493,408	4,380,764	3,683,777	4,067,183	19,318,558	-
Claims on corporate	13,922,313	14,682,669	15,917,497	26,519,175	150,940,969	-
Claims included in the regulatory retail portfolios	1,189,606	1,310,779	1,786,415	6,899,540	86,906,730	-
Claims secured by residential property	702,242	1,826,002	1,970,134	7,845,074	71,132,926	-
Past due loans	-	-	-	-	-	3,841,385
Higher risk categories decided by the Agency	3,481	1,461	-	-	195,993	-
Marketable securities secured	-	-	-	-	-	-
Securitization exposures	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	411	-
Stock Investments	-	-	-	-	5,256,930	-
Other claims	-	-	-	-	16,675,297	-
TOTAL	68,452,919	24,306,703	28,493,143	56,077,267	622,633,773	3,841,385

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

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Risk balances according to risk weights

Risk Weights Current Period - December 31, 2021														Deductions from the shareholders' equity
	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	
Pre-Amount of Credit Risk	406,752,444	12,579,732	-	-	38,369,936	50,427,459	71,335,157	117,520,901	345,031,539	14,388,732	-	-	-	468,345
Mitigation Amount after Credit Risk Mitigation	442,113,904	1,223,365	-	3,760,956	32,671,446	50,427,459	66,945,998	115,760,930	329,180,456	14,321,386	-	-	-	468,345

Risk Weights Current Period - December 31, 2020														Deductions from the shareholders' equity
	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	
Pre-Amount of Credit Risk	299,019,829	9,606,441	-	-	30,635,302	39,245,287	70,164,350	97,470,077	257,382,970	280,935	-	-	-	449,264
Mitigation Amount after Credit Risk Mitigation	325,440,013	580,404	-	3793810	29,127,367	39,245,287	65,922,565	96,131,395	243,283,414	280,935	-	-	-	449,264

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Information According to Sectors and Counterparties

Current Period - December 31, 2021	Impaired (TFRS 9)		Expected Credit Loss Provisions (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Agricultural	194,925	176,928	162,165
Farming and raising livestock	192,804	165,123	152,983
Forestry	1,772	1,840	1,755
Fishing	349	9,965	7,427
Manufacturing	22,907,795	4,071,499	5,098,745
Mining	273,747	311,180	286,583
Production	15,338,860	2,875,211	3,416,555
Electric, Gas, Water	7,295,188	885,108	1,395,607
Construction	9,281,596	3,962,355	4,698,727
Services	27,162,404	6,935,582	10,654,842
Wholesale and retail trade	9,654,112	4,086,735	4,525,213
Hotel, Food and Beverage Services	7,370,463	250,646	2,011,654
Transportation and telecommunication	5,187,946	510,392	1,072,681
Financial Institutions	161,259	44,747	58,718
Real estate and renting services	3,481,847	204,269	1,561,575
Self-employment services	978,470	1,639,195	1,227,211
Education services	140,127	97,498	81,184
Health and social services	188,180	102,100	116,606
Other	2,612,531	3,163,197	2,512,011
Toplam	62,159,251	18,309,561	23,126,490

Prior Period - December 31, 2020	Impaired (TFRS 9)		Expected Credit Loss Provisions (TFRS 9)
	Significant Increase in Credit Risk (Stage 2)	Default (Stage 3)	
Agricultural	236,605	162,659	144,317
Farming and raising livestock	232,351	148,578	134,501
Forestry	1,366	3,165	2,751
Fishing	2,888	10,916	7,065
Manufacturing	9,001,397	4,082,623	4,188,250
Mining	297,850	260,952	268,382
Production	4,915,820	2,938,233	3,004,808
Electric, Gas, Water	3,787,727	883,438	915,060
Construction	7,987,949	3,919,908	3,879,051
Services	16,311,686	6,484,805	7,850,487
Wholesale and retail trade	6,839,217	4,231,887	4,027,877
Hotel, Food and Beverage Services	2,347,710	231,806	1,252,127
Transportation and telecommunication	3,028,409	569,034	778,154
Financial Institutions	138,047	51,975	66,487
Real estate and renting services	2,031,202	227,035	614,367
Self-employment services	1,534,371	960,270	877,712
Education services	219,041	102,166	125,843
Health and social services	173,689	110,632	107,920
Other	492,774	2,794,262	2,356,830
Total	34,030,411	17,444,257	18,418,935

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Information on Changes in Value Adjustments and Credit Provisions

Current Period - December 31, 2021	Opening Balance 1 January 2021	Provisions reserved during the period	Cancelations	Other Adjustments ^(*)	Closing Balance
Specific provisions	13,369,131	3,502,673	(2,703,819)	25,189	14,193,174
General provisions	8,630,600	8,346,889	(4,913,928)	2,371	12,065,932

^(*) Includes effect of currency translations differences and other provisions' classifications.

Prior Period - December 31, 2020	Opening Balance 1 January 2020	Provisions reserved during the period	Cancelations	Other Adjustments ^(*)	Closing Balance
Specific provisions	12,245,858	4,448,088	(3,343,721)	18,906	13,369,131
General provisions	3,609,523	7,065,796	(2,023,005)	(21,714)	8,630,600

^(*) Includes effect of currency translations differences and other provisions' classifications

Fair value of collateral held against impaired loans

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Cash collateral ^(*)	-	-
Mortgage	8,187,737	8,593,313
Promissory note ^(*)	-	-
Others ^(**)	10,121,824	8,850,944
Total	18,309,561	17,444,257

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

^(**) Sureties obtained for impaired loans are presented in this raw to the extent that the amount does not exceed the amount of impaired loans.

Cash loans	Current Period - December 31, 2021	Prior Period - December 31, 2020
Secured Loans:	435,986,285	325,787,413
Secured by mortgages	101,061,954	79,264,922
Secured by cash collateral	3,261,048	2,432,473
Guarantees issued by financial institutions	1,240,065	1,066,489
Secured by government institutions or government securities	43,639,424	63,686,242
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	286,783,794	179,337,287
Unsecured Loans	137,714,025	96,255,746
Total performing loans	573,700,310	422,043,159

Non-cash loans	Current Period - December 31, 2021	Prior Period- December 31, 2020
Secured Loans:	99,788,574	58,527,445
Secured by mortgages	10,517,180	7,639,220
Secured by cash collateral	1,479,603	1,042,003
Guarantees issued by financial institutions	-	-
Secured by government institutions or government securities	225,107	306,285
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	87,566,684	49,539,937
Unsecured Loans	92,350,754	42,708,592
Total non-cash loans	192,139,328	101,236,037

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

II. CREDIT RISK (Continued)

Exposures subject to countercyclical capital buffer

Current Period - December 31, 2021			
Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Turkey	485,947,878	-	485,947,878
England	5,094,320	-	5,094,320
USA	2,421,103	-	2,421,103
Germany	916,623	-	916,623
Switzerland	645,400	-	645,400
Bahrain	582,988	-	582,988
France	510,178	-	510,178
Iraq	424,920	-	424,920
Austria	126,352	-	126,352
Italy	122,240	-	122,240
Other	536,845	-	536,845
Total	497,328,847	-	497,328,847

Prior Period - December 31, 2020

Country	RWA Calculations for Private Sector Loans in Banking Book	RWA calculations for Trading Book	Total
Turkey	344,945,295	-	344,945,295
Bahrain	9,883,516	-	9,883,516
England	3,810,890	-	3,810,890
Germany	3,215,923	-	3,215,923
France	3,131,140	-	3,131,140
USA	2,067,613	-	2,067,613
Switzerland	1,136,171	-	1,136,171
Iraq	455,701	-	455,701
Netherlands	306,140	-	306,140
Austria	123,581	-	123,581
Other	364,879	-	364,879
Total	369,440,849	-	369,440,849

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INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (Continued)

III. FOREIGN CURRENCY EXCHANCE RISK

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

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

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

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

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

Foreign exchange risk management policy

The Bank manages the Turkish currency or foreign currency risks that may arise in domestic and international markets and follows the transactions that create these risks, and manages these risks at optimum levels within the framework of market expectations and within the scope of the Bank’s strategies by considering the balance with other financial risks.

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

III. FOREIGN CURRENCY EXCHANCE RISK (Continued)

Information on currency risk

Current Period - December 31, 2021	Euro	US Dollar	Other FC	Total
Assets:				
Cash and balances with the Central Bank of Republic of Turkey	47,332,008	58,836,893	8,620,176	114,789,077
Banks	2,902,063	15,087,950	2,195,925	20,185,938
Financial assets at fair value through profit or loss	-	286,473	15,939,741	16,226,214
Interbank money market placements	-	6,914,400	-	6,914,400
Financial assets at fair value through other comprehensive income	16,991,394	65,522,688	-	82,514,082
Loans ⁽¹⁾	108,763,528	103,651,333	111,242	212,526,103
Associates, subsidiaries and joint-ventures	1,369,078	-	-	1,369,078
Financial assets measured at amortized cost	13,735,777	11,709,066	-	25,444,843
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	-	28,796	-	28,796
Intangible assets	-	-	-	-
Other assets ⁽²⁾	1,730,341	2,595,378	7,758	4,333,477
Total assets	192,824,189	264,632,977	26,874,842	484,332,008
Liabilities:				
Bank deposits	7,728,731	7,693,953	819,737	16,242,421
Foreign currency deposits	111,327,180	176,284,462	31,693,507	319,305,149
Interbank money market takings	8,162,855	12,276,786	-	20,439,641
Other funding	38,164,783	45,466,023	6,739,348	90,370,154
Securities issued ⁽³⁾	11,018,134	62,311,548	642,574	73,972,256
Miscellaneous payables	3,523,902	1,100,675	417	4,624,994
Derivative financial liabilities held for risk	-	-	-	-
Other liabilities ⁽⁶⁾	1,209,776	4,438,205	23,226	5,671,207
Total liabilities	181,135,361	309,571,652	39,918,809	530,625,822
Net ‘on balance sheet’ position	11,688,828	(44,938,675)	(13,043,967)	(46,293,814)
Net ‘off-balance sheet’ position	(9,205,089)	47,522,011	12,990,072	51,306,994
Derivative assets ⁽⁴⁾	10,562,912	57,049,916	21,148,983	88,761,811
Derivative liabilities ⁽⁴⁾	19,768,001	9,527,905	8,158,911	37,454,817
Non-cash loans ⁽⁵⁾	49,879,695	77,774,961	2,754,797	130,409,453
Prior Period - December 31, 2020	Euro	US Dollar	Other FC	Total
Total assets	128,179,022	141,908,756	16,733,336	286,821,114
Total liabilities	116,078,586	179,476,331	22,504,078	318,058,995
Net ‘on balance sheet’ position	12,100,436	(37,567,575)	(5,770,742)	(31,237,881)
Net ‘off-balance sheet’ position	(11,053,505)	37,693,779	5,788,929	32,429,203
Derivative assets ⁽⁴⁾	10,386,343	42,845,166	6,909,282	60,140,791
Derivative liabilities ⁽⁴⁾	21,439,848	5,151,387	1,120,353	27,711,588
Non-cash loans ⁽⁵⁾	25,777,368	30,882,807	1,171,651	57,831,826

- (1). Foreign currency indexed loans amounting to TL 522,078 (December 31, 2020: TL 538,028 TL) which are presented in TL column in the balance sheet are included in the table above.
- (2). Other Derivative Financial Instruments Currency Income Costs TL 388,490 (December 31, 2020: 43,849) Prepaid Expenses TL 285,522 (31 December 2020 : 168,636), 1st and 2nd stage expected loss provisions TL (17,558) (31 December 2020: TL (13,263)), and derivative financial instruments currency expense accruals of TL 290,286 (December 31, 2020: 28,593), Expected Credit Loss on Non-Cash Loans amounting to TL 9,409 (December 31, 2020: TL 5,542) unearned income TL 267,904 (December 31, 2020: 214,294), shareholders' equity TL 582,253 (December 31, 2020: 942,959) and deferred tax liabilities TL 46,378 (December 31, 2020: None) are not taken into consideration in the currency risk calculation.
- (3). Subordinated debt are shown under securities issued.
- (4). Asset purchase commitments amounting to TL 4,512,599 (December 31, 2020: TL 468,092) and asset sales commitments amounting to TL 5,593,730 (December 31, 2020: 5,679,004) are included.
- (5). Non-cash loans are not taken into consideration in the calculation of the net ‘off-balance sheet’ position.
- (6). The amount in other FX consists of gold-based bonds.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

III. FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

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

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

	Current Period- December 31, 2021		Prior Period- December 31, 2020	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	255,454	255,454	11,308	11,308
Euro	226,585	226,585	80,410	80,410
Other currencies	(5,390)	(5,390)	1,819	1,819
Total, net ^(**)	476,649	476,649	93,537	93,537

^(*) Equity effect also includes profit or loss effect of 10% devaluation of TL against related currencies.

^(**) Tangible and intangible fixed assets are not included in the currency risk effect calculations on equity and profit or loss.

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

	Current Period - December 31, 2021		Prior Period- December 31, 2020	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	(255,454)	(255,454)	(11,308)	(11,308)
Euro	(226,585)	(226,585)	(80,410)	(80,410)
Other currencies	5,390	5,390	(1,819)	(1,819)
Total, net ^(**)	(476,649)	(476,649)	(93,537)	(93,537)

^(*) Equity effect also includes profit or loss effect of 10% revaluation of TL against related currencies.

^(**) Tangible and intangible fixed assets are not included in the currency risk effect calculations on equity and profit or loss.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. INTEREST RATE RISK

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

Bank’s interest rate risk is measured by the standard method.

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

Interest rate sensitivity of assets, liabilities and off balance sheet items based on repricing dates

Current Period - December 31, 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBRT	25,401,559	-	-	-	-	118,747,428	144,148,987
Banks	-	812,580	307,252	121,663	-	20,064,843	21,306,338
Financial assets at fair value through profit/loss	3,611,441	-	631,572	11,696,728	-	463,762	16,403,503
Interbank money market placements	-	-	-	-	-	6,914,400	6,914,400
Financial assets at fair value through other comprehensive income	11,369,433	9,631,299	40,457,150	64,212,470	7,793,705	7,246	133,471,303
Loans and receivables ⁽¹⁾	155,124,137	146,467,816	123,424,740	82,034,755	66,648,862	18,309,561	592,009,871
Financial assets measured at amortized cost	14,842,974	3,763,419	13,441,960	23,860,784	17,952,846	-	73,861,983
Other assets ⁽²⁾	10,442,312	8,168,845	1,494,729	783,169	2,233,791	(4,025,534)	19,097,312
Total assets	220,791,856	168,843,959	179,757,403	182,709,569	94,629,204	160,481,706	1,007,213,697
<i>Liabilities:</i>							
Bank deposits	22,314,690	9,026,003	-	-	-	1,887,187	33,227,880
Other deposits	301,065,932	90,795,430	21,666,080	191,232	548	143,996,285	557,715,507
Interbank money market takings	122,576,810	7,719,245	7,467,266	6,117,463	-	-	143,880,784
Miscellaneous payables	-	-	-	-	-	18,185,250	18,185,250
Securities issued ⁽³⁾	1,455,630	4,659,834	21,323,621	57,548,837	5,955,402	-	90,943,324
Funds borrowed	1,424,536	54,201,377	10,074,107	16,504,095	6,859,145	2,367,270	91,430,530
Other liabilities ⁽⁴⁾	1,189,141	3,698,072	1,582,814	1,028,960	2,679,451	61,651,984	71,830,422
Total liabilities	450,026,739	170,099,961	62,113,888	81,390,587	15,494,546	228,087,976	1,007,213,697
On balance sheet long position	-	-	117,643,515	101,318,982	79,134,658	-	298,097,155
On balance sheet short position	(229,234,883)	(1,256,002)	-	-	-	(67,606,270)	(298,097,155)
Off-balance sheet long position	3,951,650	14,297,259	-	-	-	-	18,248,909
Off-balance sheet short position	-	-	(40,287)	(699,332)	(1,786,197)	-	(2,525,816)
Net position	(225,283,233)	13,041,257	117,603,228	100,619,650	77,348,461	(67,606,270)	15,723,093

⁽¹⁾ Non-performing loans are shown in the “Non-Interest Bearing” column.

⁽²⁾ Subsidiaries, associates and tangible and intangible assets, expected credit losses and deferred tax asset are included in non-interest bearing column.

⁽³⁾ Subordinated debts are shown under securities issued.

⁽⁴⁾ Equity is included in non-interest bearing column in other liabilities line.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. INTEREST RATE RISK

Prior Period - December 31, 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBRT	12,125,735	-	-	-	-	81,063,051	93,188,786
Banks	-	864,828	-	73,185	-	1,646,906	2,584,919
Financial assets at fair value through profit/loss	-	2,989,523	1,929,602	2,080,875	-	330,931	7,330,931
Interbank money market placements	187,753	-	-	-	-	-	187,753
Financial assets at fair value through other comprehensive income	13,994,500	3,359,614	16,444,406	39,628,459	7,001,193	4,028	80,432,200
Loans and receivables ⁽¹⁾	144,317,421	70,789,988	88,535,065	70,331,545	48,069,140	17,444,257	439,487,416
Financial assets measured at amortized cost	33,331,650	1,398,703	2,352,692	16,327,735	5,336,472	-	58,747,252
Other assets ⁽²⁾	1,118,946	3,154,273	3,377,619	199,622	1,935,742	7,151,659	16,937,861
Total assets	205,076,005	82,556,929	112,639,384	128,641,421	62,342,547	107,640,832	698,897,118
<i>Liabilities:</i>							
Bank deposits	16,980,113	4,416,355	-	-	-	1,604,981	23,001,449
Other deposits	226,976,870	69,654,439	15,318,685	160,575	184	78,931,341	391,042,094
Interbank money market takings	84,509,632	3,202,765	4,873,145	6,465,922	-	-	99,051,464
Miscellaneous payables	-	-	-	-	-	11,565,365	11,565,365
Securities issued ⁽³⁾	2,171,827	4,384,022	12,918,347	36,496,832	9,000,737	-	64,971,765
Funds borrowed	1,395,785	30,104,302	9,192,967	4,198,275	457,530	1,637,939	46,986,798
Other liabilities ⁽⁴⁾	1,154,376	2,248,016	3,144,167	115,335	1,813,217	53,803,072	62,278,183
Total liabilities	333,188,603	114,009,899	45,447,311	47,436,939	11,271,668	147,542,698	698,897,118
On balance sheet long position	-	-	67,192,073	81,204,482	51,070,879	-	199,467,434
On balance sheet short position	(128,112,598)	(31,452,970)	-	-	-	(39,901,866)	(199,467,434)
Off-balance sheet long position	3,114,500	8,115,216	-	-	-	-	11,229,716
Off-balance sheet short position	-	-	(2,342,817)	(815,150)	(1,813,464)	-	(4,971,431)
Net position	(124,998,098)	(23,337,754)	64,849,256	80,389,332	49,257,415	(39,901,866)	6,258,285

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. INTEREST RATE RISK (Continued)

Average interest rates applied to monetary financial instruments ^(*):

	Euro	US Dollar	Yen	TL
	%	%	%	%
Current Period - December 31, 2021				
<i>Assets:</i>				
Cash and balance with CBRT	-	-	-	8.50
Banks	0.66	0.06	-	-
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	3.69	3.78	-	16.22
Loans and receivables	4.78	7.24	-	16.01
Financial assets measured at amortized cost	4.59	6.34	-	12.59
<i>Liabilities:</i>				
Bank deposits	0.46	0.72	-	17.69
Other deposits	0.41	1.07	-	16.13
Interbank money market takings	1.41	2.06	-	14.04
Miscellaneous payables	-	-	-	-
Securities issued (**)	5.08	6.11	-	15.42
Funds borrowed	1.67	2.51	-	14.19
	Euro	US Dollar	Yen	TL
	%	%	%	%
Prior Period - December 31, 2020				
<i>Assets:</i>				
Cash and balance with CBRT	-	-	-	12.00
Banks	0.08	0.11	-	-
Financial assets at fair value through profit/loss	-	-	-	-
Interbank money market placements	-	-	-	17.68
Financial assets at fair value through other comprehensive income	3.43	3.61	-	12.38
Loans and receivables	5.04	6.16	-	13.07
Financial assets measured at amortized cost	4.60	6.27	-	10.57
<i>Liabilities:</i>				
Bank deposits	1.08	1.89	-	19.64
Other deposits	1.54	2.75	-	14.76
Interbank money market takings	1.73	1.86	-	17.08
Miscellaneous payables	-	-	-	-
Securities issued (**)	4.04	6.07	-	14.28
Funds borrowed	1.73	2.50	-	10.68

(*) The rates above are calculated over financial instruments with interest rates.
(**) Subordinated debts are shown under securities issued.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

V. STOCK POSITION RISKS

Stock position risks arising from banking book items

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

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

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

Current Period - December 31, 2021		Comparison	
Stock Investments	Carrying Value	Fair Value ^(*)	Market Value ^(*)
Stocks quoted in exchange^(*)	2,341,706	2,341,706	2,341,706
1.Stocks Investments Group A	2,341,706	2,341,706	2,341,706
2.Stock Investments Group B	-	-	-
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	4,819,329	4,575,861	-

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

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

Prior Period - December 31, 2020		Comparison	
Stock Investments	Carrying Value	Fair Value ^(*)	Market Value ^(*)
Stocks quoted in exchange^(*)	1,881,065	1,881,065	1,881,065
1.Stocks Investments Group A	1,881,065	1,881,065	1,881,065
2.Stock Investments Group B	-	-	-
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	3,499,023	3,358,774	-

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

^(**) The values of stocks unquoted in exchange are determined according to valuation reports prepared by independent valuation companies.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

V. STOCK POSITION RISKS (Continued)

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

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

Portfolio- Current Period December 31, 2021	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total ^(*)	Included in Supplementary Capital	Total ^(*)	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	819,966	819,966
3. Other Stocks	-	2,080,669	2,080,669	-	-
4. Total	-	2,080,669	2,080,669	819,966	819,966

^(*) Amounts are presented including the effect of deferred tax.

Portfolio- Prior Period December 31, 2020	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total ^(*)	Included in Supplementary Capital	Total ^(*)	Included in Supplementary Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	952,286	952,286
3. Other Stocks	-	1,644,609	1,644,609	-	-
4. Total	-	1,644,609	1,644,609	952,286	952,286

^(*) Amounts are presented including the effect of deferred tax.

Explanations on Equity Shares Risk Arising from Banking Book

Portfolio- Current Period December 31, 2021	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	2,341,706	2,341,706	187,336
3.Other Stocks	4,819,329	4,291,882	343,351
4. Total	7,161,035	6,633,588	530,687

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

Portfolio- Prior Period December 31, 2020	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	1,881,065	1,881,065	150,485
3.Other Stocks	3,499,023	3,375,865	270,069
4. Total	5,380,088	5,256,930	420,554

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VI. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

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

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

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

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

The Bank utilizes liquidity ratios, liquidity gap analysis, scenario analysis and stress tests in internal measurement of liquidity risk. In the liquidity gap analysis and liquidity stress scenarios, the level of meeting the Bank's possible cash outflows in the short term of liquid assets is determined and the Bank's concentration on funding sources and fund uses are analyzed. Liquidity risk measurements are carried out by the Risk Management Department and measurement results, liquidity risk limits and early warning levels are monitored and regularly reported to the executive units responsible for the management of the related risk, and to the senior management and the Board of Directors.

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

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

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VI. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

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

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	8 October 2021	130.80	3 December 2021	235.00
The highest value	17 December 2021	176.04	1 October 2021	465.32

Liquidity Coverage Ratio

		Total unweighted value *		Total weighted value*	
Current Period - December 31, 2021		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			178,962,497	127,804,670
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	245,106,759	137,808,313	22,396,834	13,780,831
3	Stable deposits	42,276,853	-	2,113,843	-
4	Less stable deposits	202,829,906	137,808,313	20,282,991	13,780,831
5	Unsecured wholesale funding, of which:	266,863,351	133,807,808	111,717,781	54,033,798
6	Operational deposits	175,296,492	89,260,019	43,824,123	22,315,005
7	Non-operational deposits	63,486,036	31,735,954	39,919,261	19,012,250
8	Unsecured debt	28,080,823	12,811,835	27,974,397	12,706,543
9	Secured wholesale funding			-	-
10	Additional requirements of which:	35,068,088	13,946,042	35,068,088	13,946,042
11	Outflows related to derivative exposures and other collateral requirements	34,993,946	13,946,042	34,993,946	13,946,042
12	Outflows related to loss of funding on debt products	74,142	-	74,142	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	58,041,232	52,158,331	2,902,062	2,607,917
15	Other contingent funding obligations	157,013,169	52,415,858	12,847,447	4,219,394
16	TOTAL CASH OUTFLOWS			184,932,212	88,587,982
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Inflows from fully performing exposures	32,914,056	15,256,677	23,360,261	12,035,049
19	Other cash inflows	37,121,696	36,523,969	37,121,696	36,523,969
20	TOTAL CASH INFLOWS	70,035,752	51,780,646	60,481,957	48,559,018
Upper Limit Applied Amounts					
21	TOTAL HQLA			178,962,497	127,804,670
22	TOTAL NET CASH OUTFLOWS			124,450,255	40,028,964
23	LIQUIDITY COVERAGE RATIO (%)			143.07	340.99

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

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VI. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	9 October 2020	118.00	13 November 2020	214.91
The highest value	18 December 2020	132.76	18 December 2020	428.50

Prior Period - December 31, 2020		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			123,732,027	86,329,444
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	173,056,352	89,185,064	15,509,684	8,918,506
3	Stable deposits	35,919,036	-	1,795,952	-
4	Less stable deposits	137,137,316	89,185,064	13,713,732	8,918,506
5	Unsecured wholesale funding, of which:	218,175,433	87,496,034	87,945,075	34,982,107
6	Operational deposits	123,825,140	51,721,701	30,956,285	12,930,425
7	Non-operational deposits	79,444,112	30,363,876	42,202,719	16,710,447
8	Unsecured debt	14,906,181	5,410,457	14,786,071	5,341,235
9	Secured wholesale funding			-	-
10	Additional requirements of which:	19,504,006	8,512,643	19,504,006	8,512,643
11	Outflows related to derivative exposures and other collateral requirements	19,504,006	8,512,643	19,504,006	8,512,643
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	41,871,234	37,640,118	2,093,562	1,882,006
15	Other contingent funding obligations	106,997,575	28,419,044	8,882,136	2,146,060
16	TOTAL CASH OUTFLOWS			133,934,463	56,441,322
CASH INFLOWS					
17	Secured lending	19,100	-	-	-
18	Inflows from fully performing exposures	27,242,762	8,386,835	16,222,934	5,782,699
19	Other cash inflows	18,746,496	18,622,292	18,746,496	18,622,292
20	TOTAL CASH INFLOWS	46,008,358	27,009,127	34,969,430	24,404,991
Upper Limit Applied Amounts					
21	TOTAL HQLA			123,732,027	86,329,444
22	TOTAL NET CASH OUTFLOWS			98,965,033	32,036,331
23	LIQUIDITY COVERAGE RATIO (%)			125.15	280.60

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

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VI. LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

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

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

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

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

Maturity analysis of assets and liabilities according to remaining maturities

Current Period – December 31, 2021	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed ⁽¹⁾	Total
Assets:								
Cash and balance with CBRT	144,148,987	-	-	-	-	-	-	144,148,987
Banks	20,064,843	-	812,580	307,252	121,663	-	-	21,306,338
Financial assets at fair value through profit/loss	7,806	3,611,441	-	631,572	11,696,728	-	455,956	16,403,503
Interbank money market placements	-	-	6,914,400	-	-	-	-	6,914,400
Financial assets at fair value through other comprehensive income	-	394,950	1,162,772	25,408,840	84,602,446	21,895,049	7,246	133,471,303
Loans and receivables	-	55,110,275	27,426,156	108,012,809	218,046,147	165,104,923	18,309,561	592,009,871
Financial assets measured at amortized cost	-	268,061	556,255	4,429,076	41,947,547	26,661,044	-	73,861,983
Other assets ⁽³⁾⁽⁴⁾	19,786	11,338,641	2,946,881	1,066,479	3,980,009	7,062,546	(7,317,030)	19,097,312
Total assets	164,241,422	70,723,368	39,819,044	139,856,028	360,394,540	220,723,562	11,455,733	1,007,213,697
Liabilities:								
Bank deposits	1,887,187	22,314,690	9,026,003	-	-	-	-	33,227,880
Other deposits	143,996,285	301,065,932	90,795,430	21,666,080	191,232	548	-	557,715,507
Funds borrowed	-	742,245	3,492,442	29,770,393	38,169,901	19,255,549	-	91,430,530
Interbank money market takings	-	120,559,300	5,638,915	8,988,052	8,452,684	241,833	-	143,880,784
Securities issued ⁽²⁾	-	885,830	3,414,503	12,936,747	62,642,855	11,063,389	-	90,943,324
Miscellaneous payables	-	11,595,041	-	-	-	-	6,590,209	18,185,250
Other liabilities	-	1,045,111	3,444,174	1,116,793	1,362,594	3,210,255	61,651,495	71,830,422
Total liabilities	145,883,472	458,208,149	115,811,467	74,478,065	110,819,266	33,771,574	68,241,704	1,007,213,697
Liquidity gap	18,357,950	(387,484,781)	(75,992,423)	65,377,963	249,575,274	186,951,988	(56,785,971)	-
Net Off Balance Sheet Position	-	8,054,170	757,384	309,989	3,720,350	4,262,132	-	17,104,025
Receivables from Derivative Financial Instruments	-	59,675,583	9,574,660	17,903,715	28,260,382	68,052,584	-	183,466,924
Payables from Derivative Financial Instruments	-	51,621,413	8,817,276	17,593,726	24,540,032	63,790,452	-	166,362,899
Non-cash Loans	78,778,041	13,223,627	22,155,655	45,427,011	29,392,087	3,162,907	-	192,139,328

Prior Period – December 31, 2020	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed ⁽¹⁾	Total
Total assets	94,838,587	41,449,764	23,140,049	71,101,068	299,949,264	146,129,059	22,289,327	698,897,118
Total liabilities	80,536,322	339,989,526	84,242,214	54,770,565	54,973,856	26,550,905	57,833,730	698,897,118
Liquidity gap	14,302,265	(298,539,762)	(61,102,165)	16,330,503	244,975,408	119,578,154	(35,544,403)	-
Net Off Balance Sheet Position	-	(660,617)	297,648	827,039	1,407,502	1,798,650	-	3,670,222
Receivables from Derivative Financial Instruments	-	29,625,652	12,525,176	23,070,197	10,104,711	41,554,516	-	116,880,252
Payables from Derivative Financial Instruments	-	30,286,269	12,227,528	22,243,158	8,697,209	39,755,866	-	113,210,030
Non-cash Loans	46,985,533	4,613,173	8,968,987	20,361,207	18,123,777	2,183,360	-	101,236,037

(1) Subsidiaries, associates and tangible and intangible assets and deferred tax asset are stated in undistributed column.

(2) Subordinated debt are shown under securities issued.

(3) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed assets, associates and subsidiaries, stationery, pre-paid expenses and non-performing loans are shown in this column

(4) Expected loss provisions for financial assets are shown under the undistributed column of Other Assets.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VII. LEVERAGE RATIO

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

The Bank’s unconsolidated leverage rate which is calculated due to “Regulation on Banks’ Measurement and Evaluation of Leverage Level” actualised as 5.51%. Increase in balance sheet assets resulted in change in comparison with previous period (December 31, 2020: 6.83%) leverage rate. The Regulation adjudicated minimum leverage rate as 3%.

Leverage ratio common disclosure template

	Current Period - December 31, 2021	Prior Period - December 31, 2020
On-balance sheet exposures		
1. On-balance sheet items (excluding derivatives and SFTs; including collateral)	917,822,488	676,109,078
2. Assets deducted in determining Basel III Tier 1 capital	(454,973)	(437,080)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	917,367,515	675,671,998
Derivative exposures		
4. Replacement cost	18,000,551	10,502,166
5. Add-on amount	2,283,055	1,484,025
6. Total derivative exposures	20,283,606	11,986,191
Securities financing transaction exposures		
7. Gross SFT assets (with no recognition of accounting netting)	12,616,615	7,205,104
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	12,616,615	7,205,104
Other off-balance sheet exposures		
10. Off-balance sheet exposures with gross nominal amount	334,234,825	206,412,229
11. Adjustment amount off-balance sheet exposures with credit conversion factor	(104,680,461)	(74,625,681)
12. Total off-balance sheet exposures	229,554,364	131,786,548
Capital and total exposures		
13. Tier 1 capital	64,675,456	56,493,405
14. Total exposures	1,179,822,100	826,649,841
Leverage ratio		
15. Leverage ratio	5.51	6.83

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

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VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Current Period - December 31, 2021	Carrying Value	Fair Value
Financial Assets:		
Receivables from Interbank Money Markets	6,914,400	6,914,400
Banks	21,306,338	21,306,338
Financial assets at fair value through profit/loss	16,403,503	16,403,503
Financial Assets at Fair Value through Other	133,471,303	133,471,303
Comprehensive Income		
Assets Measured at Amortised Cost	73,861,983	77,492,786
Loans	592,009,871	587,440,334
Financial Liabilities:		
Bank Deposits	33,227,880	33,227,880
Other Deposits	557,715,507	558,262,575
Funds Borrowed	91,430,530	91,006,460
Marketable Securities	61,974,897	62,011,060
Subordinated Loans	28,968,427	28,990,293

Prior Period - December 31, 2020	Carrying Value	Fair Value
Financial Assets:		
Receivables from Interbank Money Markets	187,753	187,753
Banks	2,584,919	2,584,919
Financial assets at fair value through profit/loss	7,330,931	7,330,931
Financial Assets at Fair Value through Other	80,432,200	80,432,200
Comprehensive Income		
Assets Measured at Amortised Cost	58,747,252	61,125,697
Loans	439,487,416	431,851,860
Financial Liabilities:		
Bank Deposits	23,001,449	23,001,449
Other Deposits	391,042,094	393,116,704
Funds Borrowed	46,986,798	47,048,153
Marketable Securities	45,512,967	45,569,217
Subordinated Loans	19,458,798	19,481,535

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

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

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

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

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

Classification of Fair Value Measurement

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

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

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

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

Classification requires using observable market data if possible.

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

Current Period - December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	286,473	15,939,741	177,289	16,403,503
Debt securities	-	15,939,741	-	15,939,741
Equity securities	286,473	-	169,483	455,956
Other financial assets	-	-	7,806	7,806
Financial assets at fair value through other comprehensive income	124,392,068	9,071,989	7,246	133,471,303
Government debt securities	123,870,645	8,798,400	-	132,669,045
Equity securities	-	-	7,246	7,246
Other financial assets	521,423	273,589	-	795,012
Derivative financial assets held for trading purpose	-	21,487,370	-	21,487,370
Investments in associates and subsidiaries	2,341,706	-	4,575,861	6,917,567
Total Financial Assets	127,020,247	46,499,100	4,760,396	178,279,743
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	(5,490,278)	-	(5,490,278)
Total Financial Liabilities	-	(5,490,278)	-	(5,490,278)

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

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

Prior Period - December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	161,038	7,000,000	169,893	7,330,931
Debt securities	-	7,000,000	-	7,000,000
Equity securities	161,038	-	169,482	330,520
Other financial assets	-	-	411	411
Financial assets at fair value through other comprehensive income	79,838,878	589,294	4,028	80,432,200
Government debt securities	79,838,878	-	-	79,838,878
Equity securities	-	-	4,028	4,028
Other financial assets	-	589,294	-	589,294
Derivative financial assets held for trading purpose	-	8,731,143	-	8,731,143
Investments in associates and subsidiaries	1,720,028	-	3,350,328	5,070,356
Total Financial Assets	81,719,944	16,320,437	3,524,249	101,564,630
Financial liabilities at fair value through profit/loss:				
Derivative financial liabilities held for trading purpose	-	(6,085,314)	-	(6,085,314)
Total Financial Liabilities	-	(6,085,314)	-	(6,085,314)

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

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

Level 3	Current Period - December 31, 2021	Prior Period - December 31, 2020
Balance at the beginning of the year	3,524,249	2,264,333
Total gains or losses for the year recognized in profit or loss	-	-
Total gains or losses for the year recognized under equity	1,236,147	1,259,916
Balance at the end of the year	4,760,396	3,524,249

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

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

X. SEGMENT REPORTING

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

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

Additionally, the Bank provides banking service to its personnel and enterprises which are active in retail and service sectors. Products include overdraft accounts, POS machines, credit cards, cheque books, TL and foreign currency deposits, investment accounts, internet banking and call-center, debit card, and bill payment.

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

X. SEGMENT REPORTING (Continued)

Major financial statement items according to business lines:

	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
Current Period					
OPERATING INCOME/ EXPENSES					
Interest Income	14,232,668	30,677,877	27,283,861	6,191	72,200,597
Interest Expense	12,637,777	17,560,756	22,411,777	46,906	52,657,216
Net Interest Income/Losses(Net)	1,594,891	13,117,121	4,872,084	(40,715)	19,543,381
Net Fees and Commissions Income	1,069,526	3,076,622	355,215	-	4,501,363
Dividend Income	-	-	120,849	-	120,849
Trading Income/ Losses (Net)	-	-	(4,749,785)	-	(4,749,785)
Other Income	-	-	-	7,947,393	7,947,393
Allowance for Expected Credit Losses	-	-	-	12,559,091	12,559,091
Other Expenses	-	-	-	9,508,389	9,508,389
Profit Before Taxes	2,664,417	16,193,743	598,363	(14,160,802)	5,295,721
Provision for taxes					(1,120,257)
Net Profit/ Loss					4,175,464
Segment Assets	128,055,671	338,478,160	509,701,254	24,280,779	1,000,515,864
Subsidiaries and Associates (Net)	-	-	6,697,833	-	6,697,833
TOTAL ASSETS	128,055,671	338,478,160	516,399,087	24,280,779	1,007,213,697
Segment Liabilities	241,249,058	320,581,553	360,860,697	32,569,649	955,260,957
Equity	-	-	-	51,952,740	51,952,740
TOTAL LIABILITIES	241,249,058	320,581,553	360,860,697	84,522,389	1,007,213,697

	Retail Banking	Corporate/ Commercial Banking	Treasury and Investment Operations	Other and Undistributed	Total Operations
Prior Period					
OPERATING INCOME/ EXPENSES					
Interest Income	10,028,223	21,368,212	15,858,781	8,335	47,263,551
Interest Expense	6,495,463	9,604,596	11,192,869	83,220	27,376,148
Net Interest Income/Losses(Net)	3,532,760	11,763,616	4,665,912	(74,885)	19,887,403
Net Fees and Commissions Income	716,192	2,416,100	262,770	-	3,395,062
Dividend Income	-	-	167,839	-	167,839
Trading Income/ Losses (Net)	-	-	(2,550,724)	-	(2,550,724)
Other Income	-	-	-	5,382,333	5,382,333
Allowance for Expected Credit Losses	1,596,280	9,106,041	958,068	109,229	11,769,618
Other Expenses	-	-	-	8,073,022	8,073,022
Profit Before Taxes	2,652,672	5,073,675	1,587,729	(2,874,803)	6,439,273
Provision for taxes					(1,428,817)
Net Profit/ Loss					5,010,456
Segment Assets	109,512,341	248,269,220	317,505,563	18,564,454	693,851,578
Subsidiaries and Associates (Net)	-	-	5,045,540	-	5,045,540
TOTAL ASSETS	109,512,341	248,269,220	322,551,103	18,564,454	698,897,118
Segment Liabilities	154,812,133	238,746,950	237,582,854	21,270,523	652,412,460
Equity	-	-	-	46,484,658	46,484,658
TOTAL LIABILITIES	154,812,133	238,746,950	237,582,854	67,755,181	698,897,118

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT

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

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

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

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

Risk Management Strategy

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

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

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

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

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XI. INFORMATION ON RISK MANAGEMENT(Continued)

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

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

Risk Weighted Amounts

	Risk Weighted Amount		Minimum Capital Requirements
	Current Period- December 31, 2021	Prior Period - December 31, 2020	Current Period- December 31, 2021
1 Credit Risk (excluding counterparty credit risk) ^(*)	489,312,822	359,439,993	39,145,026
2 Standardised approach	489,312,822	359,439,993	39,145,026
3 Internal rating based approach	-	-	-
4 Counterparty Credit Risk	9,242,103	11,764,135	739,368
5 Standardised approach for counterparty credit risk	9,242,103	11,764,135	739,368
6 Internal model method	-	-	-
7 Equity position in banking book under basic risk weighting or internal rating based	-	-	-
8 Equity investments in funds – look-through approach	7,806	411	625
9 Equity investments in funds – mandate-based approach	-	-	-
10 Equity investments in funds – 1250% weighted risk approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory formula approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
16 Market risk	7,469,054	2,612,406	597,524
17 Standardised approach	7,469,054	2,612,406	597,524
18 Internal model approaches	-	-	-
19 Operational Risk	29,601,490	23,878,837	2,368,119
20 Basic Indicator Approach	29,601,490	23,878,837	2,368,119
21 Standardised approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	535,633,275	397,695,782	42,850,662

(*) Except for the amount of the discount threshold under the equity

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

1. Linkages between Financial Statements and Regulatory Exposures

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

	Carrying values as reported in published financial statements	Carrying values of items (according to TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitization	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Current Period - December 31, 2021						
Assets						
Cash and balances at central bank	144,148,987	144,148,987	-	-	-	-
Banks	21,306,338	21,306,338	-	-	-	-
Receivables from money markets	6,914,400	-	-	-	-	-
Financial Assets at Fair Value						
through Profit or Loss	16,403,503	463,763	-	-	-	-
Financial Assets at Fair Value						
through other comprehensive Income	133,471,303	133,471,303	75,043,394	-	-	-
Financial Assets Measured at						
amortised cost	73,861,983	73,861,983	57,188,376	-	-	-
Derivative financial assets	21,487,370	-	21,487,370	-	425,540	-
Non-performing financial assets	18,309,561	18,309,561	-	-	-	-
Allowance for expected credit losses	(25,948,866)	(14,133,868)	-	-	-	(11,814,998)
Loans (Net)	573,700,310	573,689,517	-	-	-	10,793
Non-current assets or disposal groups "held for sale" and" from discontinued operations	755,033	755,033	-	-	-	-
Investments in associates (net)	2,047,712	2,047,712	-	-	-	-
Investments in subsidiaries (net)	4,650,121	4,650,121	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Tangible assets (net)	4,866,852	4,683,411	-	-	-	183,441
Intangible assets (net)	276,221	-	-	-	-	276,221
Investment properties (net)	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-
Other assets	10,962,869	11,008,920	-	-	-	(46,051)
Total assets	1,007,213,697	974,262,781	153,719,139	-	425,540	(11,390,594)
Liabilities						
Deposits	590,943,387	-	-	-	-	590,943,387
Funds borrowed	91,430,530	-	-	-	-	91,430,530
Money market funds	143,880,784	-	137,805,660	-	-	6,075,124
Marketable Securities (net)	61,974,897	-	-	-	-	61,974,897
Funds	3,005	-	-	-	-	3,005
Financial Liabilities at fair value						
through profit or loss	-	-	-	-	-	-
Derivatives liabilities	5,490,278	-	5,490,278	-	426,764	-
Factoring liabilities	-	-	-	-	-	-
Lease liabilities	953,912	-	-	-	-	953,912
Provisions	3,849,848	-	-	-	-	3,849,848
Current tax liabilities	943,940	-	-	-	-	943,940
Deferred tax liabilities	46,378	-	-	-	-	46,378
Non-current liabilities or disposal groups "held for sale" and" from discontinued operations	-	-	-	-	-	-
Subordinated debts	28,968,427	-	-	-	-	28,968,427
Other liabilities	26,775,571	-	-	-	-	26,775,571
Equity	51,952,740	-	-	-	-	51,952,740
Total liabilities	1,007,213,697	-	143,295,938	-	426,764	863,917,759

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

1. Linkages between Financial Statements and Regulatory Exposures (Continued)

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

	Carrying values as reported in published financial statements	Carrying values of items (according to TAS)					Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitization	Subject to market risk		
Prior Period - December 31, 2020							
Assets							
Cash and balances at central bank	93,188,786	93,188,786	-	-	-	-	
Financial assets held for trading	2,584,919	2,584,919	-	-	-	-	
Financial assets designated at fair value through profit or loss	187,753	-	-	-	-	-	
Banks	7,330,931	330,930	-	-	-	-	
Receivables from money markets	80,432,200	80,432,200	25,744,884	-	-	-	
Available for sale financial assets (net)	58,747,252	58,747,252	38,158,427	-	-	-	
Loans and receivables	8,731,143	-	8,731,143	-	254,068	-	
Factoring receivables	17,444,257	17,444,257	-	-	-	-	
Held to maturity investments (net)	(21,597,063)	(13,307,248)	-	-	-	(8,289,815)	
Investments in associates (net)	422,043,159	422,032,047	-	-	-	11,112	
Investments in subsidiaries (net)	1,256,254	1,256,254	-	-	-	-	
Investments in joint ventures (net)	1,394,406	1,394,406	-	-	-	-	
Leasing receivables	3,651,134	3,651,134	-	-	-	-	
Derivative financial assets held for hedges	-	-	-	-	-	-	
Tangible assets (net)	4,825,602	4,639,425	-	-	-	186,177	
Intangible assets (net)	255,263	-	-	-	-	255,263	
Investment properties (net)	-	-	-	-	-	-	
Tax assets	-	-	-	-	-	-	
Non-current assets and disposal groups classified as held for sale (net)	1,125,282	1,125,282	-	-	-	-	
Other assets	17,295,840	17,420,264	-	-	-	(124,424)	
Total assets	698,897,118	690,939,908	72,634,454	-	254,068	(7,961,687)	
Liabilities							
Deposits	414,043,543	-	-	-	-	414,043,543	
Derivative financial liabilities held for trading	46,986,798	-	-	-	-	46,986,798	
Loans	99,051,464	-	54,994,594	-	-	44,056,870	
Debt to money markets	45,512,967	-	-	-	-	45,512,967	
Debt securities in issue	3,053	-	-	-	-	3,053	
Funds	-	-	-	-	-	-	
Various debts	6,085,314	-	6,085,314	-	251,958	-	
Other liabilities	-	-	-	-	-	-	
Factoring debts	974,793	-	-	-	-	974,793	
Debts from leasing transactions	2,972,407	-	-	-	-	2,972,407	
Derivative financial liabilities held for hedges	902,502	-	-	-	-	902,502	
Provisions	-	-	-	-	-	-	
Tax liability	-	-	-	-	-	-	
Liabilities included in disposal groups classified as held for sale (net)	19,458,798	-	-	-	-	19,458,798	
Subordinated debts	16,420,821	-	-	-	-	16,420,821	
Equity	46,484,658	-	-	-	-	46,484,658	
Total liabilities	698,897,118	-	61,079,908	-	251,958	637,817,210	

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

1. Linkages between Financial Statements and Regulatory Exposures (Continued)

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

	Current Period - December 31, 2021	Total	Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk
1	Asset carrying value amount under scope of regulatory consolidation	1,018,604,291	974,262,781	-	153,719,139	425,540
2	Liabilities carrying value amount under regulatory scope of consolidation	143,295,938	-	-	143,295,938	426,764
3	Total net amount under regulatory scope of consolidation	875,308,353	974,262,781	-	10,423,201	1,224
4	Off-balance sheet amounts	-	-	-	8,219,733	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	118,553,256	-
10	Exposure amounts considered for regulatory	-	974,262,781	-	126,772,989	1,224

	Prior Period - December 31, 2020	Total	Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk
1	Asset carrying value amount under scope of regulatory consolidation	706,858,805	690,939,908	-	72,634,454	254,068
2	Liabilities carrying value amount under regulatory scope of consolidation	61,079,908	-	-	61,079,908	251,958
3	Total net amount under regulatory scope of consolidation	645,778,897	690,939,908	-	11,554,546	2,110
4	Off-balance sheet amounts	-	-	-	8,770,776	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	62,294,964	-
10	Exposure amounts considered for regulatory	-	690,939,908	-	71,065,740	2,110

c) Explanations of differences bet ween accounting and regulatory exposure amounts

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations

a) General Information on Credit Risk

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

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

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

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

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

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

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

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

Credit quality of assets

Current Period- December 31, 2021		Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
		Defaulted Exposures	Defaulted Exposures		
1	Loans	18,309,561	573,700,310	25,926,377	566,083,494
2	Debt Securities	-	209,519,063	1,722,015	207,797,048
3	Off-balance sheet exposure	507,691	279,325,328	44,305	279,788,714
4	Total	18,817,252	1,062,544,701	27,692,697	1,053,669,256

Prior Period - December 31, 2020		Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
		Defaulted Exposures	Defaulted Exposures		
1	Loans	17,444,257	422,043,159	21,587,738	417,899,678
2	Debt Securities	-	139,887,388	377,005	139,510,383
3	Off-balance sheet exposure	473,440	168,273,427	43,756	168,703,111
4	Total	17,917,697	730,203,974	22,008,499	726,113,172

Changes in stock of defaulted loans and debt securities (*)

		Current Period - December 31, 2021	Prior Period - December 31, 2020
1	Defaulted Loans and debt securities at end of the previous reporting period	17,444,257	17,314,228
2	Loans and debt securities that have defaulted since the last reporting period	5,238,803	5,602,302
3	Returned to non-defaulted status	143,467	1,649,753
4	Amounts written-off	834,885	890,789
5	Other Changes	(3,395,147)	(2,931,731)
6	Defaulted Loans and debt securities at end of the reporting period (1+2-3-4±5)	18,309,561	17,444,257

(*) Provisions for non-cash loans that are not indemnified and not converted into cash are not included.

Additional disclosure related to the credit quality of assets:

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

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

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

	Credit receivables/risks December 31, 2021	Credit receivables/risks December 31, 2020
Domestic	524,985,405	393,152,708
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	2,939,074	1,469,341
Other	45,775,831	27,421,110
Total	573,700,310	422,043,159

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

Breakdown of loan receivables by sector

Current Period - December 31, 2021			
Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	4,069,482	176,928	136,875
Farming and raising livestock	3,925,370	165,123	127,861
Forestry	39,107	1,840	1,632
Fishing	105,005	9,965	7,382
Manufacturing	159,370,804	4,071,499	3,350,947
Mining and Quarrying	15,640,395	311,180	249,905
Production	108,912,378	2,875,211	2,383,602
Electricity, Gas, Water	34,818,031	885,108	717,440
Construction	61,826,191	3,962,355	3,056,452
Services	213,896,239	6,935,582	5,396,495
Wholesale and Retail Trade	72,759,783	4,086,735	3,400,971
Accommodation and Dining	21,678,986	250,646	188,316
Transportation and Telecommunication	73,814,527	510,392	420,383
Financial Institutions	12,938,865	44,747	38,055
Real Estate and Rental Services	22,827,502	204,269	176,480
Professional Services	5,680,181	1,639,195	1,005,035
Educational Services	2,268,613	97,498	75,311
Health and Social Services	1,927,782	102,100	91,944
Other	134,537,594	3,163,197	2,193,099
Total	573,700,310	18,309,561	14,133,868

Prior Period - December 31, 2020			
Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	2,996,323	162,659	124,644
Farming and raising livestock	2,895,930	148,578	114,970
Forestry	27,213	3,165	2,693
Fishing	73,180	10,916	6,981
Manufacturing	106,750,487	4,082,623	3,157,896
Mining and Quarrying	9,065,755	260,952	221,327
Production	77,238,748	2,938,233	2,322,938
Electricity, Gas, Water	20,445,984	883,438	613,631
Construction	39,875,209	3,919,908	2,721,953
Services	155,090,673	6,484,805	5,203,694
Wholesale and Retail Trade	57,745,990	4,231,887	3,447,037
Accommodation and Dining	14,855,232	231,806	181,606
Transportation and Telecommunication	47,483,626	569,034	466,628
Financial Institutions	11,089,083	51,975	42,405
Real Estate and Rental Services	15,697,471	227,035	192,807
Professional Services	4,027,100	960,270	701,168
Educational Services	2,362,254	102,166	78,410
Health and Social Services	1,829,917	110,632	93,633
Other	117,330,467	2,794,262	2,099,062
Total	422,043,159	17,444,257	13,307,249

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

Breakdown by outstanding maturity

Current Period - December 31, 2021					
Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
55,110,275	27,426,156	108,012,809	218,046,147	165,104,923	573,700,310

Prior Period - December 31, 2020					
Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
37,371,225	15,731,263	50,114,639	213,430,390	105,395,642	422,043,159

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

Breakdown of the provision allocated receivables and related provisions by geographical regions

Current Period - December 31, 2021		
Geographical area	Loans Receivables(Risks)	Provisions
Domestic	18,210,199	14,070,046
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	98,620	63,080
Other	742	742
Total	18,309,561	14,133,868

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

Prior Period - December 31, 2020		
Geographical area	Loans Receivables(Risks)	Provisions
Domestic	17,372,809	13,275,264
European Union Countries	-	-
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	71,448	31,985
Other	-	-
Total	17,444,257	13,307,249

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

Aging analysis for overdue receivables

	Current Period - December 31, 2020	Prior Period - December 31, 2019
31-60 days	2,984,425	2,451,660
61-90 days	1,837,407	1,888,537

(*) Loan receivables with overdue loans are taken into consideration.

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

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

Payment Plan Extensions	Current Period - December 31, 2021	Prior Period - December 31, 2020
Standard Loans	114,299	395,256
Loans Under Close Monitoring	24,664,128	15,426,911
Non-performing Loans	2,126,026	1,520,159

b) Credit Risk Mitigation

Qualitative disclosure on credit risk mitigation techniques

Credit risk mitigation techniques in the Bank are evaluated within the scope of the "Policy Document on Credit Risk Management". Within the scope of "Communiqué on Credit Risk Mitigation", simple financial guarantee method is used for financial guarantees. Cash and cash equivalents and guarantees are used to mitigate credit risk

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

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

Credit risk mitigation techniques

Current Period December 31, 2021	Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1 Loans	405,509,775	160,573,719	105,407,593	63,010,541	51,179,363	-	-
2 Debt Securities	207,797,048	-	-	-	-	-	-
3 Total	613,306,823	160,573,719	105,407,593	63,010,541	51,179,363	-	-
4 Of which Defaulted	18,309,561	-	-	-	-	-	-

Prior Period December 31, 2020	Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives , of which: secured amount
1 Loans	302,041,404	115,858,274	81,963,062	79,568,632	51,767,847	-	-
2 Debt Securities	134,687,182	-	-	-	-	-	-
3 Total	436,728,586	115,858,274	81,963,062	79,568,632	51,767,847	-	-
4 Of which Defaulted	17,444,257	-	-	-	-	-	-

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

c) Credit risk under standardized approach

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

In determining the risk weights of the risk classes specified in article 6 of the Regulation on the Measurement and Evaluation of Banks' Capital Adequacy, the external ratings of the counterparties are used which the Fitch Ratings international rating agency graded. Fitch Ratings international rating agency is used to determine the risk weights of the risk classes of banks receivables and intermediary institutions

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

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

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

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)
XI. INFORMATION ON RISK MANAGEMENT (Continued)

Credit risk exposure and credit risk mitigation effects

Current Period - December 31, 2021		Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		RWA and RWA density	
Asset classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	312,898,519	771,930	326,577,791	431,534	264,930	0.08%
2	Exposures to regional governments or local authorities	7,607,869	565,467	7,607,869	276,239	3,936,999	49.94%
3	Exposures to public sector entities	812,676	192,293	812,676	75,366	873,575	98.37%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	18,487,682	5,509,853	18,487,682	3,531,966	6,910,515	31.38%
7	Exposures to corporates	232,562,747	192,598,388	218,883,475	79,744,135	287,252,517	96.19%
8	Retail exposures	110,973,807	70,467,000	110,973,807	10,896,764	91,348,974	74.96%
9	Exposures secured by residential property	49,604,814	1,985,151	49,604,814	822,645	17,649,611	35.00%
10	Exposures secured by commercial real estate	51,442,638	8,532,029	51,442,638	5,431,096	38,485,571	67.67%
11	Past-due loans	4,184,225	-	4,184,225	-	2,759,821	65.96%
12	Higher-risk categories by the Agency Board	14,102,871	24,196	14,102,871	12,098	21,078,475	149.33%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	7,806	-	7,806	-	7,806	100.00%
16	Other assets	17,868,460	-	17,868,460	-	12,118,245	67.82%
17	Investment in equities	6,633,588	-	6,633,588	-	6,633,588	100.00%
18	Total	827,187,702	280,646,327	827,187,702	101,221,843	489,320,627	52.71%

Current Period - December 31, 2020		Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		RWA and RWA density	
Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA	RWA density
1 Exposures to central governments or central banks	267,877,091	706,727	279,881,167	418,309	107,345	0.04%	
2 Exposures to regional governments or local authorities	9,399,917	435,493	9,399,917	211,087	4,801,103	49.95%	
3 Exposures to public sector entities	326,915	236,428	326,915	113,956	431,845	97.95%	
4 Exposures to multilateral development banks	-	9,335	-	9,335	-	-	
5 Exposures to international organizations	-	-	-	-	-	-	
6 Exposures to institutions	15,963,547	4,422,741	15,963,547	2,987,847	7,902,405	41.70%	
7 Exposures to corporates	175,863,238	131,980,215	163,859,162	52,187,220	210,881,856	97.61%	
8 Retail exposures	91,811,683	49,011,543	91,811,683	5,537,565	72,240,052	74.21%	
9 Exposures secured by residential property	38,627,320	1,547,589	38,627,320	617,967	13,735,851	35.00%	
10 Exposures secured by commercial real estate	40,625,947	6,091,631	40,625,947	3,605,144	29,651,253	67.04%	
11 Past-due loans	3,841,385	-	3,841,385	-	2,023,660	52.68%	
12 Higher-risk categories by the Agency Board	195,994	6,229	195,994	4,941	301,403	150.00%	
13 Exposures in the form of covered bonds	-	-	-	-	-	-	
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	411	-	411	-	411	100.00%	
16 Other assets	16,675,293	-	16,675,293	-	12,106,290	72.60%	
17 Investment in equities	5,256,930	-	5,256,930	-	5,256,930	100.00%	
18 Total	666,465,671	194,447,931	666,465,671	65,093,371	359,440,404	49.09%	

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

Exposures by asset classes and risk weights

Current Period - December 31, 2021	Asset Classes/ Risk Weight*	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	150%	200%	250%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1 Exposures to central governments or central banks	326,832,705	-	-	-	-	7,873,893	-	-	176,620	-	-	-	327,009,325
2 Exposures to regional governments or local authorities	9,955	-	260	-	-	-	-	872,177	-	-	-	-	7,884,108
3 Exposures to public sector entities	8,877	-	6,988	-	-	-	-	-	-	-	-	-	888,042
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	610,567	-	14,015,790	-	-	5,611,869	-	1,181,422	-	-	-	-	22,019,648
7 Exposures to corporates	944,602	-	7,671,585	-	-	8,586,446	-	281,424,977	-	-	-	-	298,627,610
8 Retail exposures	793,721	-	990,724	-	-	115,741,186	-	4,344,940	-	-	-	-	121,870,571
9 Exposures secured by residential property	-	-	-	-	50,427,459	-	-	-	-	-	-	-	50,427,459
10 Exposures secured by commercial real estate	-	-	-	-	36,776,326	-	-	20,097,408	-	-	-	-	56,873,734
11 Past-due loans	-	-	-	-	2,945,951	-	-	1,141,131	97,143	-	-	-	4,184,225
12 Higher Risk categories by the Agency Board	32,146	-	-	35,200	-	-	-	14,047,623	-	-	-	-	14,114,969
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	7,806	-	-	-	-	7,806
16 Other assets	3,839,801	-	-	2,388,015	-	-	-	6,633,588	-	-	-	-	6,633,588
17 Investments in equities	333,072,374	-	-	-	-	-	-	11,640,644	-	-	-	-	17,868,460
18 Total	-	25,708,562	50,427,459	61,794,485	115,741,186	327,344,093	14,321,386	-	-	-	-	-	928,409,545

Prior Period - December 31, 2020	Asset Classes/ Risk Weight*	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	150%	200%	250%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1 Exposures to central governments or central banks	280,227,913	-	-	-	-	-	-	-	71,563	-	-	-	280,299,476
2 Exposures to regional governments or local authorities	8,675	-	206	-	-	9,602,123	-	-	-	-	-	-	9,611,004
3 Exposures to public sector entities	7,236	-	2,238	-	-	-	-	431,397	-	-	-	-	440,871
4 Exposures to multilateral development banks	9,335	-	-	-	-	-	-	-	-	-	-	-	9,335
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	678,058	-	5,149,131	-	-	12,503,252	-	620,953	-	-	-	-	18,951,294
7 Exposures to corporates	872,927	-	22,214,360	-	-	5,040,222	-	207,918,873	-	-	-	-	216,046,382
8 Retail exposures	489,162	-	736,387	-	-	96,123,699	-	-	-	-	-	-	97,349,248
9 Exposures secured by residential property	-	-	-	-	39,245,287	-	-	-	-	-	-	-	39,245,287
10 Exposures secured by commercial real estate	-	-	-	-	29,159,676	-	-	15,071,415	-	-	-	-	44,231,091
11 Past-due loans	-	-	-	-	-	3,643,888	-	189,060	8,437	-	-	-	3,841,385
12 Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	-	-	-	-	-	200,935
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	411	-	-	-	-	411
16 Other assets	3,169,013	-	-	-	-	-	-	5,256,930	-	-	-	-	5,256,930
17 Investments in equities	-	-	1,749,983	-	-	-	-	11,756,297	-	-	-	-	16,675,293
18 Total	-	9,852,305	39,245,287	59,949,161	96,123,699	241,245,336	280,935	-	-	-	-	-	732,159,042

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations

Qualitative disclosure on counterparty credit risk

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

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

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

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

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Counterparty credit risk (CCR) approach analysis

Current Period - December 31, 2021		Renewal Cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1	Fair value method - KKR (for derivatives)	6,745,255	1,474,478			8,219,733	4,234,431
2	Standard approach - KKR (for derivatives)	-	-		1.4	-	-
3	Internal Model Method(for derivative financial instruments,repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap için)			-	-	-	-
4	Simple methods that can be used to mitigate credit risk-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					118,553,256	1,961,169
5	A comprehensive method for credit risk reduction-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					-	-
6	Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time					-	-
7	Total						6,195,600

Prior Period - December 31, 2020		Renewal Cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1	Fair value method - KKR (for derivatives)	7,561,240	1,209,536			8,770,776	4,349,358
2	Standard approach - KKR (for derivatives)	-	-		1.4	-	-
3	Internal Model Method(for derivative financial instruments,repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap için)			-	-	-	-
4	Simple methods that can be used to mitigate credit risk-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					62,294,964	4,914,070
5	A comprehensive method for credit risk reduction-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					-	-
6	Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time					-	-
7	Total						9,263,428

Capital requirement for credit valuation adjustment (CVA)

Current Period - December 31, 20201		EAD post CRM	RWA
	Total portfolios subject to the Advanced CVA capital obligation	-	-
1	(i) VaR component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital obligation	8,219,733	3,021,813
4	Total subject to the CVA capital obligation	8,219,733	3,021,813
Prior Period - December 31, 2020		EAD post CRM	RWA
	Total portfolios subject to the Advanced CVA capital obligation	-	-
1	(i) VaR component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital obligation	8,770,776	2,487,581
4	Total subject to the CVA capital obligation	8,770,776	2,487,581

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Standardized approach *CCR exposures by risk class and risk weights*

Current Period - December 31, 2021

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Diger	Total Credit Exposures(*)
Claims from central governments and central banks	89,178,835	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	4,441	26	-	-	-	-	-	-	449
Claims from administration and non commercial entity	-	63	-	-	-	-	-	-	-	6
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	18,886,681	-	6,962,858	-	5,151,513	-	66,075	-	920,632	4,052,816
Corporates	896,983	3,375,992	-	-	-	-	1,770,288	-	277,571	2,113,439
Retail portfolios	79,031	380,460	-	-	-	19,744	-	-	25,162	53,357
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-	-	-	-	-
Other Assets(**)	-	-	-	-	-	-	-	-	-	-
Total	109,041,530	3,760,956	6,962,884	-	5,151,513	19,744	1,836,363	-	1,223,365	6,220,067

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

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

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Standardized approach *CCR exposures by risk class and risk weights (Continued)*

Prior Period - December 31, 2020

Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Diger	Total Credit Exposures(*)
Claims from central governments and central banks	26,969,395	-	-	-	-	-	-	-	-	-
Claims from regional and local governments	-	690	1	-	-	-	-	-	-	69
Claims from administration and non commercial entity	-	1,943	-	-	-	-	1,756	-	-	1,950
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	11,950,554	-	19,275,061	-	5,973,404	-	432,657	-	360,620	7,281,584
Corporates	992,708	3,137,447	-	-	-	-	1,603,665	-	202,421	1,921,458
Retail portfolios	65,032	653,730	-	-	-	7,696	-	-	17,363	71,492
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-	-	-	-	-
Other Assets(**)	-	-	-	-	-	-	-	-	-	-
Total	39,977,689	3,793,810	19,275,062	-	5,973,404	7,696	2,038,078	-	580,404	9,276,553

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

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

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)
Collaterals for counterparty credit risk

Current Period - December 31, 2021	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	117,366,019	-
Cash-foreign currency	-	-	-	-	13,734,825	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	131,100,844	-
Prior Period - December 31, 2020	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	35,649,667	-
Cash-foreign currency	-	-	-	-	19,290,727	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	54,940,394	-

Loan Derivatives

Current Period - December 31, 2021	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	1,169,754	5,676,270
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	1,169,754	5,676,270
Fair Values	185,667	2,340,553
Positive fair values (asset)	185,667	-
Negative fair values (liability)	-	2,340,553
Prior Period - December 31, 2020	Protection bought	Protection sold
Notionals	-	-
Single-name credit default swaps	1,169,754	3,017,124
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	1,169,754	3,017,124
Fair Values	125,557	634,601
Positive fair values (asset)	125,557	-
Negative fair values (liability)	-	634,601

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Central counterparty risks

Current Period - December 31, 2021		Exposure at default (post- CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		24,690
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,223,365	24,467
3	(i) OTC Derivatives	254,347	5,087
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	969,018	19,380
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	88,375	223
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Prior Period - December 31, 2020		Exposure at default (post- CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		13,126
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	580,404	11,608
3	(i) OTC Derivatives	189,143	3,783
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	391,261	7,825
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	650,000	1,518
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Explanations on Market Risk

Qualitative disclosure requirements related to market risk

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

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

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

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

In addition to the results of market risk measurements using standard method, which calculated in monthly periods, other daily risk dependencies can be also calculated by using internal model. Only by using the 99% of trust range, other measurements that are subject to risk can be daily calculated by using the historical stimulation and Monte Carlo stimulation. There are daily back testings occurred in order to examine the trustworthiness and performance of the model results. Besides, there are also scenario analyzes and stress tests are happening in order to backing up the standard method and internal models. In addition to this, in order to limit the market risks, daily limit implementation and limit implementation in accordance with the early warning system can be monitored on daily basis.

Market Risk- Standardized approach

		Current Period – December 31, 2021	Prior Period – December 31, 2020
		RAT	RAT
Outright products			
1	Interest rate risk (general and specific)	1,785,263	1,400,687
2	Stock risk (general and specific)	-	-
3	Foreign exchange risk	5,199,107	1,188,943
4	Commodity risk	457,555	-
Options			
5	Simplified approach	-	-
6	Delta-plus method	27,129	22,776
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	7,469,054	2,612,406

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

5. Explanations on Operational Risk

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

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

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

Current Period - December 31, 2021	2PP	1PP	CP Amount	Total/Positive GI year number	Ratio (%)	Total
Gross income	13,854,660	14,087,440	19,420,283	15,787,461	15	2,368,119
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	29,601,490

Prior Period- December 31,2020	2PP	1PP	CP Amount	Total/Positive GI year number	Ratio (%)	Total
Gross income	10,264,039	13,854,660	14,087,440	12,735,380	15	1,910,307
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	23,878,837

6. Interest Rate Risk Related to Banking Book

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

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

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

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

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SECTION FIVE

DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS

1. Cash and balances with Central Bank

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Cash	1,930,251	2,017,698	1,681,202	1,416,757
Central Bank of the Republic of Turkey (*)	26,610,644	109,585,919	12,390,091	75,644,781
Other	819,015	3,185,460	590,716	1,465,239
Total	29,359,910	114,789,077	14,662,009	78,526,777

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

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

In accordance with “Announcement on Reserve Deposits” of CBRT numbered 2013/15, all banks operating in Turkey shall provide a reserve rate ranging from 3% to 8% (December 31, 2020: ranging from 1% to 6%). For foreign currency liabilities, all banks shall provide a reserve rate ranging from 5% to 26% in US Dollar or Euro (December 31, 2020: ranging from 5% to 22%).

Balances with the Central Bank of Republic of Turkey

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

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

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

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

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Positive differences on derivative financial assets held for trading purpose

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Forward transactions	1,186,318	5,610	50,686	9,940
Swap transactions	18,215,437	1,894,303	7,086,102	1,581,652
Futures	-	-	-	-
Options	12,457	173,245	1,420	1,343
Other	-	-	-	-
Total	19,414,212	2,073,158	7,138,208	1,592,935

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

3. Information on banks

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Banks				
Domestic	50	307,252	26	-
Foreign(*)	1,120,350	19,878,686	-	2,584,893
Foreign Head Offices and Branches	-	-	-	-
Total	1,120,400	20,185,938	26	2,584,893

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

Due from foreign banks

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	Unrestricted Balance	Restricted Balances (**)	Unrestricted Balance	Restricted Balances (**)
EU Countries	308,052	1,029,715	218,872	-
USA, Canada	2,149,336	3,809,939	741,114	1,005,650
OECD Countries (*)	2,252,210	10,828,879	235,131	-
Off-shore Banking Regions	1,350	-	626	-
Others	619,555	-	383,500	-
Total	5,330,503	15,668,533	1,579,243	1,005,650

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

(**) Restricted balances that occur from securization loans and other common banking activities

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

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

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

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

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

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

Information on financial assets at fair value through other comprehensive income

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Debt securities	135,177,712	80,798,466
Quoted on a Stock Exchange	134,904,123	80,710,286
Unquoted	273,589	88,180
Equity securities	7,246	4,028
Quoted on a Stock Exchange	-	-
Unquoted	7,246	4,028
Provisions for impairment losses (-)	1,713,655	370,294
Total	133,471,303	80,432,200

5. Information on loans

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

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	8,344	-	32,511
Legal entities	-	8,344	-	32,511
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	481,072	-	470,993	-
Total	481,072	8,344	470,993	32,511

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Information on loans classified as standart loans and under close monitoring loans that have been restructured

Current Period - December 31, 2021

	Loans and other receivables under close monitoring			
	Standard loans	Loans not Subject to Restructuring	Agreement conditions modified	
			Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	511,541,059	37,495,123	2,263,559	22,400,569
Loans given to enterprises	158,767,060	15,170,278	2,059,659	21,750,069
Export loans	20,352,505	144,619	-	-
Import loans	-	-	-	-
Loans given to financial sector	10,226,573	5,075	-	281
Consumer loans	105,741,681	1,353,400	45,645	637,877
Credit cards	23,002,578	440,091	157,800	-
Other	193,450,662	20,381,660	455	12,342
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	511,541,059	37,495,123	2,263,559	22,400,569

All creditors, including the Bank, have agreed that the loans provided in scope of loan agreements to Ojer Telekomünikasyon A.Ş. (OTAŞ), the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) shall be restructured. All creditors shall be direct or indirect partners to Levent Yapılandırma Yönetimi A.Ş., a special purpose company established in Turkish Republic, and 192,500,000,000 of A group shares, owned by OTAŞ pledged to be the warranty of current loans, which make up the 55% of issued capital of Türk Telekom, were taken over by LYY Telekomünikasyon AŞ as December 21, 2018. The Bank participated in LYY Telekomünikasyon AŞ with a 4.2559% share. At the Ordinary General Assembly Meeting of LYY dated September 23, 2019, it was decided that a portion of the loan would be converted to capital and added to the capital of LYY. In this context, the nominal value of the Bank's shares in LYY increased from TL 2 to TL 169,483. This amount is presented under “Financial assets at fair value through profit or loss” in the financial statements. As of 31 December 2021, the amount is TL 1,984,833 (31 December 2020: TL 1,067,728) and the provision is TL1,248,790 (31 December 2020: TL 341,044).

Prior Period - December 31, 2020

	Loans and other receivables under close monitoring			
	Standard loans	Loans not Subject to Restructuring	Agreement conditions modified	
			Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	388,012,748	18,603,500	2,840,854	12,586,057
Loans given to enterprises	142,380,085	10,267,775	2,123,492	11,878,202
Export loans	12,139,158	154,374	-	-
Import loans	-	-	-	-
Loans given to financial sector	8,319,904	869	-	227
Consumer loans	94,965,604	462,764	113,847	672,195
Credit cards	14,393,403	177,385	66,585	-
Other	115,814,594	7,540,333	536,930	35,433
Specialized lending	-	-	-	-
Other receivables	-	-	-	-
Total	388,012,748	18,603,500	2,840,854	12,586,057

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Current Period - December 31, 2021	Standard Loans	Loans under close monitoring
12-Month expected credit losses	2,799,887	-
Significant Increase in Credit Risk	-	8,992,622
Prior Period - December 31, 2020	Standard Loans	Loans under close monitoring
12-Month expected credit losses	3,168,803	-
Significant Increase in Credit Risk	-	5,111,686

Maturity analysis of cash loans

Current Period - December 31, 2021	Loans under close monitoring		
	Standard Loans	Loans not Subject to Restructuring	Loans Restructured
Short-term Loans	131,581,167	10,123,891	140,321
Medium, Long-term Loans	379,959,892	27,371,232	24,523,807
Prior Period - December 31, 2020	Standard Loans	Loans not Subject to Restructuring	Loans Restructured
Short-term Loans	73,415,029	4,133,792	83,326
Medium, Long-term Loans	314,597,719	14,469,708	15,343,585

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Consumer loans, retail credit cards, personnel loans and personnel credit cards

Current Period - December 31, 2021	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	1,817,360	96,628,548	98,445,908
Housing loans	12,983	48,250,850	48,263,833
Automobile loans	7,534	592,792	600,326
General purpose loans	1,796,843	47,784,906	49,581,749
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Retail credit cards – TL	16,598,355	151,890	16,750,245
With instalment	6,821,639	148,638	6,970,277
Without instalment	9,776,716	3,252	9,779,968
Retail credit cards – FC	42,680	-	42,680
With instalment	-	-	-
Without instalment	42,680	-	42,680
Personnel loans – TL	9,419	295,591	305,010
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	9,419	295,591	305,010
Other	-	-	-
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	175,386	333	175,719
With instalment	65,268	301	65,569
Without instalment	110,118	32	110,150
Personnel credit cards – FC	343	-	343
With instalment	-	-	-
Without instalment	343	-	343
Overdraft Checking Accounts – TL (Real person)	9,027,058	-	9,027,058
Overdraft Checking Accounts – FC (Real person)	627	-	627
Total	27,671,228	97,076,362	124,747,590

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Consumer loans, retail credit cards, personnel loans and personnel credit cards (Continued)

Prior Period - December 31, 2020	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	1,167,352	89,104,078	90,271,430
Housing loans	3,209	40,609,960	40,613,169
Automobile loans	4,902	473,614	478,516
General purpose loans	1,159,241	48,020,504	49,179,745
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Retail credit cards – TL	10,919,678	92,959	11,012,637
With instalment	4,430,552	89,060	4,519,612
Without instalment	6,489,126	3,899	6,493,025
Retail credit cards – FC	14,017	-	14,017
With instalment	-	-	-
Without instalment	14,017	-	14,017
Personnel loans – TL	9,505	334,082	343,587
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	9,505	334,082	343,587
Other	-	-	-
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	126,608	592	127,200
With instalment	44,823	549	45,372
Without instalment	81,785	43	81,828
Personnel credit cards – FC	206	-	206
With instalment	-	-	-
Without instalment	206	-	206
Overdraft Checking Accounts – TL (Real person)	5,599,005	-	5,599,005
Overdraft Checking Accounts – FC (Real person)	388	-	388
Total	17,836,759	89,531,711	107,368,470

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Installment based commercial loans and corporate credit cards

Current Period - December 31, 2021	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	3,844,392	114,878,783	118,723,175
Real estate loans	33,405	1,343,471	1,376,876
Automobile loans	295,438	4,387,252	4,682,690
General purpose loans	3,515,549	109,148,060	112,663,609
Other	-	-	-
Instalment-based commercial loans – FC indexed	-	383,398	383,398
Real estate loans	-	-	-
Automobile loans	-	2,906	2,906
General purpose loans	-	380,492	380,492
Other	-	-	-
Instalment-based commercial loans – FC	86,808	54,738,633	54,825,441
Real estate loans	-	-	-
Automobile loans	-	35,877	35,877
General purpose loans	86,808	54,702,756	54,789,564
Other	-	-	-
Corporate credit cards – TL	6,498,981	120,778	6,619,759
With instalment	2,344,436	106,288	2,450,724
Without instalment	4,154,545	14,490	4,169,035
Corporate credit cards – FC	11,723	-	11,723
With instalment	-	-	-
Without instalment	11,723	-	11,723
Overdraft Checking Accounts – TL (Corporate)	1,369,480	-	1,369,480
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	11,811,384	170,121,592	181,932,976

Prior Period - December 31, 2020	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	2,743,103	117,586,396	120,329,499
Real estate loans	2,779	1,178,097	1,180,876
Automobile loans	137,470	2,635,208	2,772,678
General purpose loans	2,602,854	113,773,091	116,375,945
Other	-	-	-
Instalment-based commercial loans – FC indexed	-	453,243	453,243
Real estate loans	-	-	-
Automobile loans	-	25,550	25,550
General purpose loans	-	427,693	427,693
Other	-	-	-
Instalment-based commercial loans – FC	249,088	27,218,678	27,467,766
Real estate loans	-	-	-
Automobile loans	-	31,494	31,494
General purpose loans	249,088	27,187,184	27,436,272
Other	-	-	-
Corporate credit cards – TL	3,382,956	97,503	3,480,459
With instalment	1,194,567	89,774	1,284,341
Without instalment	2,188,389	7,729	2,196,118
Corporate credit cards – FC	2,854	-	2,854
With instalment	-	-	-
Without instalment	2,854	-	2,854
Overdraft Checking Accounts – TL (Corporate)	943,370	-	943,370
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	7,321,371	145,355,820	152,677,191

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Allocation of loan customers^()*

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Public Sector	22,781,460	15,643,650
Private Sector	550,918,850	406,399,509
Total	573,700,310	422,043,159

^(*) Non-performing loans are not included.

Allocation of domestic and overseas loans ^()*

	Current Period- December 31, 2021	Prior Period - December 31, 2020
Domestic loans	572,705,445	421,400,244
Foreign loans	994,865	642,915
Total	573,700,310	422,043,159

^(*) Non-performing loans are not included.

Loans to associates and subsidiaries

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Direct loans to associates and subsidiaries	3,978,742	3,582,369
Indirect loans to associates and subsidiaries	-	-
Total	3,978,742	3,582,369

Specific provisions accounted for loans (Stage 3)

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Loans and receivables with limited collectability	527,488	304,135
Loans and receivables with doubtful collectability	923,721	1,338,598
Uncollectible loans and receivables	12,682,659	11,664,516
Total	14,133,868	13,307,249

Information on non-performing loans (Net)

Information on non-performing loans and other receivables restructured

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current period - December 31, 2021			
Gross Amounts Before The Reserves	194,082	359,908	1,572,036
Loans Which Are Restructured	194,082	359,908	1,572,036
Prior Period - December 31, 2020			
Gross Amounts Before The Reserves	37,444	291,885	1,190,830
Loans Which Are Restructured	37,444	291,885	1,190,830

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Movements in non-performing loan 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 - December 31, 2021			
Balance at the beginning of the period	486,196	2,378,547	14,579,514
Additions (+)	4,782,535	98,945	357,323
Transfers from other categories of loans under follow-up (+)	-	3,934,735	3,862,060
Transfers to other categories of loans under follow-up (-)	3,934,735	3,862,060	-
Collections (-) ^(*)	240,531	738,464	2,559,619
Write-offs (-) ^(**)	-	-	834,885
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the end of the period	1,093,465	1,811,703	15,404,393
Provision (-)	527,488	923,721	12,682,659
Net balance	565,977	887,982	2,721,734

^(*) Loans that are transferred from non-performing loans to restructured loans are presented in Transfers from and to other categories of loans under follow-up.

^(*) As of December 31, 2021, the Bank has TL 834,885 out of non-performing loans, which are followed in the fifth group, have no collateral, no reasonable expectations for recovery, and 100% provision has been made, in accordance with the amendment to the Provisions Regulation published by the BRSA in the Official Gazette dated November 27, 2019 and numbered 30961. The amount of loans corresponding to the first part of the loan and the provisions set aside for these have been deducted from the records. After the loans are written off, the Bank's NPL ratio decreased from 3.23% to 3.09%.

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior Period - December 31, 2020			
Balance at the beginning of the period	3,171,887	3,470,044	10,672,297
Additions (+)	4,336,204	86,691	1,179,406
Transfers from other categories of loans under follow-up (+)	-	6,703,801	5,761,562
Transfers to other categories of loans under follow-up (-)	6,703,801	5,761,562	-
Collections (-) ^(*)	318,094	2,120,427	2,142,962
Write-offs (-) ^(**)	-	-	890,789
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at the end of the period	486,196	2,378,547	14,579,514
Provision (-)	304,135	1,338,598	11,664,516
Net balance	182,061	1,039,949	2,914,998

^(*) Loans that are transferred from non-performing loans to restructured loans are presented in Transfers from and to other categories of loans under follow-up.

^(*) As of December 31, 2020, the Bank has TL 890,789 from non-performing loans, which are followed in the fifth group, have no collateral, no reasonable expectations for recovery, and 100% provision has been made in accordance with the amendment to the Provisions Regulation published by the BRSA in the Official Gazette dated November 27, 2019 and numbered 30961. The amount of loans corresponding to the first part of the loan and the provisions set aside for these have been written off. After the loans are written off, the Bank's NPL ratio decreased from 4.16% to 3.97%.

Uncollectible loans and receivables are collected by liquidation of collaterals and legal follow-up.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Information on non-performing loans and other receivables in foreign currencies

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - December 31, 2021			
Balance at the end of the period	6,313	105,422	4,660,882
Provision (-)	3,810	59,196	3,736,730
Net balance on balance sheet	2,503	46,226	924,152
Prior Period - December 31, 2020			
Balance at the end of the period	238,306	1,342,222	4,008,204
Provision (-)	155,951	728,467	3,124,868
Net balance on balance sheet	82,355	613,755	883,336

Non-performing foreign currency denominated loans are followed in TL accounts.

Loan customer concentration of gross and net amounts of non-performing loans

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - December 31, 2021			
Current Period (Net)	565,977	887,982	2,721,734
Consumer and Commercial Loans (Gross)	1,093,130	1,811,691	15,381,413
Provision (-)	527,153	923,713	12,659,700
Consumer and Commercial Loans (Net)	565,977	887,978	2,721,713
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	335	12	22,980
Provision (-)	335	8	22,959
Other Loans and Receivables (Net)	-	4	21
	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Prior Period - December 31, 2020			
Current Period (Net)	182,061	1,039,949	2,914,998
Consumer and Commercial Loans (Gross)	485,060	2,377,140	14,555,704
Provision (-)	303,001	1,337,194	11,640,724
Consumer and Commercial Loans (Net)	182,059	1,039,946	2,914,980
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1,136	1,407	23,810
Provision (-)	1,134	1,404	23,792
Other Loans and Receivables (Net)	2	3	18

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Information on interest accruals, rediscounts and valuation differences calculated for non-performing loans by banks allocating expected credit losses according to TFRS 9 and their provisions.

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period (Net) - December 31, 2021	41,802	87,321	398,494
Interest accruals and valuation differences	90,626	199,687	1,881,468
Provision (-)	48,824	112,366	1,482,974
Prior Period (Net) - December 31, 2020	10,442	84,433	658,148
Interest accruals and valuation differences	25,935	201,036	1,786,371
Provision (-)	15,493	116,603	1,128,223

6. Information on other financial assets measured at amortized cost

Information on measured at amortized cost government debt securities

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Government bonds	48,358,190	15,883,492	44,159,655	7,895,261
Treasury bills	-	-	-	-
Other securities issued by the governments	-	9,293,290	-	6,447,138
Total	48,358,190	25,176,782	44,159,655	14,342,399

Information on financial assets measured at amortized cost

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Debt Securities	73,861,983	58,747,252
Quoted at stock exchanges	73,593,922	58,598,242
Unquoted at stock exchanges	268,061	149,010
Impairment losses (-)	-	-
Total	73,861,983	58,747,252

The movement table of other financial assets measured at amortized cost

	Current Period - December 31, 2021	Prior Period- December 31, 2020
Balances at the beginning of the period	58,747,252	47,014,633
Foreign currency differences on monetary assets	9,987,748	3,415,268
Purchases during the period	1,418,048	10,980,105
Disposals through sales/redemptions	(2,975,048)	(5,718,504)
Change in Impairment losses	-	-
Change in amortized costs of the securities (*)	6,683,983	3,055,750
Balances at the end of the period	73,861,983	58,747,252

(*) Changes in amortized costs of the marketable securities also include rediscount differences in marketable securities.

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Information on accounts related to financial assets measured at amortized cost

	Cost		Carrying Value	
	TL	FC	TL	FC
Current Period - December 31, 2021				
Collateralized/blocked investment securities	3,724,514	8,171,526	5,222,046	8,553,080
Investments subject to repurchase agreements	28,266,611	14,139,847	42,200,956	14,987,420
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	719,513	1,576,739	994,138	1,904,343
Total	32,710,638	23,888,112	48,417,140	25,444,843

(*) The securities held as free that are not subject to collateral/blockage or other transactions are presented in the “Other” line.

	Cost		Carrying Value	
	TL	FC	TL	FC
Prior Period - December 31, 2020				
Collateralized/blocked investment securities	5,025,295	4,255,426	7,421,128	4,522,402
Investments subject to repurchase agreements	23,856,260	9,231,311	28,591,836	9,566,589
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	5,366,141	433,569	8,205,641	439,656
Total	34,247,696	13,920,306	44,218,605	14,528,647

(*) The securities held as free that are not subject to collateral/blockage or other transactions are presented in the “Other” line.

7. Information on investments in associates

Information on investments in associates

Title	Address (City/ Country)	Parent Bank’s Share – If Different, Voting Rights (%)	Bank Risk Group’s Share (%)
1 Kıbrıs Vakıflar Bankası Ltd.	Lefkoşa/KKTC	15.00	15.00
2 Türkiye Sınai Kalkınma Bankası AŞ	İstanbul/Turkey	8.38	8.38
3 Roketsan Roket Sanayi ve Ticaret AŞ (*)	Ankara/ Turkey	9.93	9.93
4 Bankalararası Kart Merkezi AŞ (*)	İstanbul/ Turkey	4.75	4.75
5 KKB Kredi Kayıt Bürosu AŞ (*)	İstanbul/ Turkey	9.09	9.09
6 Güçbirliği Holding AŞ (*)	İzmir/ Turkey	0.07	0.07
7 İzmir Enternasyonel Otelcilik AŞ (*)	İstanbul/ Turkey	5.00	5.00
8 İstanbul Takas ve Saklama Bankası AŞ (*)	İstanbul/ Turkey	4.37	4.37
9 Kredi Garanti Fonu AŞ (*)	Ankara/ Turkey	1.49	1.49
10 Türkiye Ürün İhtisas Borsası AŞ (*)	Ankara/ Turkey	3.00	3.00
11 Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ (*)	İstanbul/ Turkey	33.33	33.33
12 JCR Avrasya Derecelendirme AŞ (*)	İstanbul/ Turkey	2.86	2.86
13 Birleşik İpotek Finansmanı AŞ (*)	İstanbul/ Turkey	8.33	8.33
14 Platform Ortak Kartlı Sistemler AŞ	İstanbul/ Turkey	20.00	20.00
15 Tasfiye Halinde World Vakıf UBB Ltd. (**)	Lefkoşa/KKTC	83.00	83.59

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/(Loss)	Prior Period’s Profit/Loss	Fair Value
1	2,412,322	131,233	9,214	177,649	4,746	20,690	15,695	-
2	61,775,687	6,751,364	1,397,066	2,357,953	754,460	774,602	528,164	4,040,400
3	10,624,267	3,333,806	1,387,768	31,871	-	783,247	235,009	15,839,000
4	397,536	328,592	96,050	27,498	-	93,651	35,413	-
5	544,660	339,776	297,247	13,036	-	47,719	48,549	-
6	133,569	(73,530)	88,096	3,782	-	21,149	(28,485)	-
7	80,377	(272,464)	75,401	-	-	(67,129)	(87,402)	-
8	31,274,420	3,002,208	162,283	528,839	76,573	655,999	359,199	-
9	1,123,996	868,953	19,242	58,949	-	87,977	138,849	-
10	102,273	89,489	25,829	10,162	-	28,767	13,078	-
11	202,521	165,159	70,205	9,281	-	6,173	168	-
12	82,592	73,849	28,099	2,043	-	46,508	(1,399)	-
13	55,060	52,696	2,535	6,976	-	2,508	70	-
14	5,711	5,682	38	1,263	-	918	(464)	-
15	1,131	(220,178)	-	167	-	(24,010)	(18,232)	-

(*) The financial statement information provided for these associates is taken from the financial statements dated September 30, 2021.

(**)The financial statement information provided for these associates is taken from the financial statements dated December 31, 2019.

Movement table of investments in associates

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Balance at the beginning of the period	1,394,406	1,001,717
Movements during the period	653,306	392,689
Transfers	-	-
Acquisitions	-	70,692
Bonus shares received	-	10,193
Share of current year profit	-	-
Sales/liquidations	-	(700)
Fair value changes	732,825	312,504
Impairment losses	(79,519)	-
Balance at the end of the period	2,047,712	1,394,406
Capital commitments	3,150	3,150
Share percentage at the end of period (%)	-	-

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

In the prior period, it has been decided to increase the paid-in capital of Bileşim Finansal Teknolojiler ve Ödeme Sistemler A.Ş. from TL 26,000 to TL 145,000 TL 104,987 of the capital increase made was paid, where TL 14,013 part of it was paid from internal resources. The shares amounting to TL 34,992 corresponding to the share of the Bank are shown under Acquisition in the Movement Table of Investments in Associates, the shares amounting to TL 4,671 corresponding to the share of the Bank are shown under Bonus Shared Received in the Movement Table of Investments in Associates.

In the prior period, it has been decided to increase the capital of Birleşik İpotek Finansmanı from TL 10,000 to TL 50,000. The shares amounting to TL 3,333 corresponding to the share of the Bank are shown under Acquisition in the Movement Table of Investments in Associates.

In the prior period, the difference amounting to TL 32 corresponding to the Bank's share due to the corrections made in the JCR Avrasya Rating AŞ's paid in capital records, is shown in the transaction table of the subsidiaries under the Purchases

In the prior period, at the Ordinary General Assembly of one of the Bank's affiliates Bankalararası Kart Merkezi, it has been decided to increase firm's capital from TL 30,000 to TL 177,493 TL, by funding TL 56,950 of it internally and for the part of TL 90,543 by increasing the pre-emptive rights of the existing shareholders. The bonus share amounting to TL 5,522, which corresponds to the bank share, is shown in Bonus Shares in the transaction table of subsidiaries.

In the prior period, the Bank's subsidiaries in Türkiye Ürün İhtisas Borsası AŞ's Ordinary General Meeting held on March 2, 2020, it was decided to reduce the company's charter capital in the amount of TL 50,000 to TL 100,000. As of September 30, 2020, the Bank's remaining capital debt has been paid and 750 TL of shares have been included in the Purchases table of Affiliates.

In the prior period Platform Ortak Karlı Sistemler AŞ joined to Türkiye Varlık Fonu on February 12, 2020, as a new partner. Due to the transfer of the Bank's nominal capital share from 7,000 TL to 1,400 TL to TVF, the nominal capital share has decreased to 5,600 TL. 350 TL shares sold are shown in the movement table of subsidiaries.

In the prior period, PTT AS joined the Platform Ortak Karlı Sistemler A.Ş. on June 3, 2020. Nominal share of capital has decreased to TL 4,200 due to the transfer of the Bank's nominal share part of TL 1,400 of TL 5,600 to PTT A.Ş. TL 350 shares sold are shown in Sales in the transaction table of subsidiaries.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Sectoral distribution of investments in financial associates

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Banks	379,004	458,523
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	11,825	11,825
Total	390,829	470,348

Quoted associates

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Quoted at domestic stock exchanges	338,484	418,003
Quoted at international stock exchanges	-	-
Total	338,484	418,003

Investments in associates disposed during the period

In the current period, all of the 39.30% shares owned by the Bank in Keskinöğlü Tavukçuluk ve Damız İşletmeleri Sanayi ve Ticaret AŞ, which was followed under the Subsidiaries Account in the Bank's balance sheet, was transferred to T.C. Ziraat Bankası AŞ and the Bank does not have any shares left in the company as of January 8, 2021.

Investments in associates acquired during the period

There are no affiliates purchased in the current period.

In the prior period, the Bank has become a shareholder of Keskinöğlü Tavukçuluk ve Damızlık İşletmeleri Sanayi Ticaret AŞ on September 3, 2020. The Bank's nominal share in the capital is TL 45,952 and the bank's share ratio is 41.77%. In the previous period, the Bank transferred 2.47% of its shares in Keskinöğlü Tavukçuluk ve Damız İşletmeleri Sanayi Ticaret AŞ, one of its subsidiaries, to the former shareholders upon the Board of Directors decision taken by the Company.

In the prior period, the Bank has participated in establishment of the Birleşik İpotek Finansmanı AŞ., which was established with a capital of 10,000 TL. The nominal share of the bank is 833 TL and the share rate is 8.33%. Transactions regarding the establishment of the company were registered in the trade registry on March 17, 2020. The Bank's shares amounting to 833 TL are shown in the Purchases in the movement table of the subsidiaries.

In the prior period, the Bank has become a partner to Finansal Teknolojiler ve Ödeme Sistemleri AŞ, in 7 February 2020, by the agreement signed with the People's Bank of Turkey to transfer nominal shares of 8,666 TL and which corresponds to 33.33% share ratio. The shares amounting to 27,997 TL corresponding to the Bank's share are shown in the movement table of the subsidiaries.

In the prior period, the Bank became a partner of JCR Avrasya Derecelendirme AŞ. with a capital of 1,000 TL on January 17, 2020. The nominal share in the capital is 29 TL and the share rate is 2.86%. The Bank's share in the capital will be paid in two installments. 3/4 of the amount hitting the Bank's share has been paid in cash, and the remaining 1/4 must be paid within six months of the first installment closing date. The amount of 2,066 TL, which corresponds to 3/4 of the Bank's share, is shown in the movement table of the subsidiaries. The Bank has paid JCR Avrasya Rating A.Ş. the second remaining installment of the capital it has undertaken as of 30 June 2020. The amount of 689 TL, wich corresponds to one fourth of the Bank's share, is shown under Purchases in the movement table of subsidiaries.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

8. Investments in subsidiaries

Information on financial subsidiaries

	Current Period - December 31, 2021	Vakıfbank International AG	Vakıfbank Kiralama AŞ	Vakıf Finansal Kiralama AŞ	Vakıf Finansal Menkul Değerler AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Paid in Capital		311,248	-	468,895	150,000	137	350,000	1,000,000	30,000
Share Premium		-	-	13,232	-	-	-	322,717	121
Equity share premiums		-	-	-	-	-	-	301,118	28
Share cancellation profits		-	-	-	-	-	-	-	-
Other capital reserves		-	-	13,232	137	-	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss		-	-	-	-	-	-	-	-
Other accumulated comprehensive income that will be reclassified in profit or loss		-	-	27,067	10,720	-	5,594	(187)	(36)
Profit Reserves	2,203,220	21,149	64,612	-	151,446	-	-	-	-
Legal Reserves	21,149	21,149	14,333	-	33,808	-	118,794	145,336	408
Statutory reserves	-	-	-	-	-	-	23,191	11,781	395
Extraordinary Reserves	-	-	-	-	-	-	-	-	-
Other Profit Reserves	-	-	50,279	-	42,588	-	95,603	133,008	13
Profit/Loss	153,745	68,433	88,836	-	75,050	-	-	547	-
Prior Period's Profit/Loss	68,433	85,312	(65,147)	-	206,348	-	84,425	159,988	1,669
Current Period's Profit/Loss	85,312	-	153,983	-	4,081	-	(41,420)	6,752	(1,401)
Minority Rights	-	-	-	-	202,267	-	125,845	153,236	3,070
Total Core Capital	2,689,362	2,689,362	662,642	-	518,651	-	558,813	1,627,854	32,162
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-	-	-	-
CAPITAL	2,689,362	2,689,362	662,642	-	518,651	-	558,813	1,627,854	32,162
NET AVAILABLE EQUITY	2,689,362	2,689,362	662,642	-	518,651	-	558,813	1,627,854	32,162

(*) Reviewed BRSA financial statements as of December 31, 2021 are considered.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

8. Investments in subsidiaries (Continued)

	Prior Period - December 31, 2020	Vakıfbank International AG	Vakıfbank Kiralama AŞ	Vakıf Finansal Kiralama AŞ	Vakıf Finansal Menkul Değerler	Vakıf Faktoring AŞ	Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Paid in Capital		311,248	-	200,000	100,000	250,000	460,000	30,000
Share Premium		-	-	9,044	137	-	300,577	121
Equity share premiums		-	-	-	-	-	278,978	28
Share cancellation profits		-	-	-	-	-	-	-
Other capital reserves		-	-	9,044	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss		-	-	31,506	(628)	4,397	(13)	(40)
Other accumulated comprehensive income that will be reclassified in profit or loss		1,207,608	-	-	-	-	-	-
Profit Reserves	17,882	17,882	54,290	-	23,089	120,688	130,828	408
Legal Reserves	17,882	17,882	11,317	-	10,390	18,286	9,056	395
Statutory reserves	-	-	-	-	-	-	-	-
Extraordinary Reserves	-	-	42,973	-	12,699	102,402	121,225	13
Other Profit Reserves	-	-	-	-	-	-	547	-
Profit/Loss	100,665	42,062	1,455	-	281,938	67,998	61,260	(1,399)
Prior Period's Profit/Loss	42,062	58,603	(57,263)	-	124,550	(18,796)	10,351	(1,737)
Current Period's Profit/Loss	58,603	-	58,718	-	157,388	86,794	50,909	338
Minority Rights	-	-	-	-	-	-	-	-
Total Core Capital	1,637,403	1,637,403	296,295	-	416,173	443,083	952,652	29,090
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-	-	-
CAPITAL	1,637,403	1,637,403	296,295	-	416,173	443,083	952,652	29,090
NET AVAILABLE EQUITY	1,637,403	1,637,403	296,295	-	416,173	443,083	952,652	29,090

(*) Reviewed BRSA financial statements as of December 31, 2020 are considered.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary, measures the capital sufficiency status every six months as an independent audit, in line with the “Communiqué on the Principles of the Capital and Capital Adequacy of Intermediary Agencies” Serial: V, No:34 of the Capital Markets Board.

Information on investments in subsidiaries

Title	Address (City / Country)	Bank’s Share –If Different, Voting Rights (%)	Bank’s Risk Group Share (%)
1 Vakıf Faktoring AŞ	İstanbul/Turkey	78.39	80.62
2 Vakıf Finansal Kiralama AŞ	İstanbul/ Turkey	58.71	58.71
3 Vakıf Yatırım Menkul Değerler AŞ	İstanbul/ Turkey	99.25	99.40
4 VakıfBank International AG	Vienna/Austria	100.00	100.00
5 Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	İstanbul/ Turkey	17.37	17.37
6 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	İstanbul/ Turkey	48.95	48.95
7 Vakıf Enerji ve Madencilik AŞ (*)	Ankara/ Turkey	65.50	80.48
8 Taksim Otelcilik AŞ (*)	İstanbul/ Turkey	51.00	51.00
9 Vakıf Pazarlama Sanayi ve Ticaret AŞ (*)	İstanbul/ Turkey	86.97	88.89
10 Vakıf Gayrimenkul Değerleme AŞ (*)	Ankara/ Turkey	97.14	97.14

Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/Loss	Prior Period’s Profit/Loss	Fair Value
1 7,179,447	590,674	4,627	362,341	-	116,286	98,106	587,367
2 6,296,924	702,444	29,674	371,352	-	128,071	60,321	1,541,500
3 2,107,175	518,651	59,287	145	18,696	202,267	182,348	599,853
4 13,630,500	2,627,814	1,777	191,576	0	108,269	52,828	1,369,078
5 32,529	32,165	179	2,067	6	3,067	350	166,620
6 4,619,815	2,441,130	1,611,186	13,082	-	474,688	118,592	1,599,000
7 352,409	223,414	245,128	2,215	-	(4,077)	(3,823)	43,911
8 471,377	452,321	194,910	25,629	-	50,921	11,787	555,605
9 139,878	66,427	85,654	4,016	197	(422)	1,426	81,009
10 38,554	26,745	425	4,775	-	(8,654)	(2,377)	26,667

(*) The financial statement information provided for these subsidiaries is taken from the financial statements as of September 30, 2021.

Movement table of investments in subsidiaries

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Balance at the beginning of the period	3,651,134	1,799,559
Movements during the period	998,987	1,851,575
Transfers(*)	-	-
Acquisitions	526,846	223,782
Bonus shares received	183,689	102,205
Share of current year profit	(99,250)	-
Sales and liquidations	-	-
Fair value changes	981,424	1,528,136
Impairment losses	(593,722)	(2,548)
Balance at the end of the period	4,650,121	3,651,134
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

In the current period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from 200,000 TL to 250,000 TL. Bonus shares worth TL 29,356 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from 250,000 TL to 500,000 TL by an increase of 250,000 TL. Shares worth TL 146,780 corresponding to the Bank's share are shown under Purchases in the movement table for subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 500,000 to TL 1,000,000 by an increase of TL 500,000. TL 280,066 worth of shares corresponding to the Bank's share are shown under Purchases in the movement table for subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 460,000 to TL 500,000. Bonus shares amounting to TL 18,286 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Yatırım Menkul Değerler AŞ from 100,000 TL to 150,000 TL. Bonus shares amounting to TL 49,625 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Taksim Otelcilik AŞ from 334,257 TL to 350,000 TL. Bonus shares amounting to TL 8,029 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Faktoring AŞ from TL 250,000 to TL 350,000. Bonus shares amounting to TL 78,393 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Faktoring AŞ from 170,000 TL to TL 250,000. The bonus shares amounting to TL 62,714 corresponding to the share of the Bank are shown under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

In the prior period, the capital of “Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ” was increased from TL 20,000 to TL 30,000. After the addition 3,314 VKFYO shares, the Bank's pre-emptive right was fully exercised for TL 3,473 nominal share in the company's capital.The shares amounting to TL 1,737 corresponding to the share of the bank are shown under Acquisitions in the Movement Table of Investments in Subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Yatırım Menkul Değerler AŞ from TL 75,000 to TL 100,000. Bonus shares amounting to TL 24,813 corresponding to the share of the Bank are shown under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 175,000 to TL 200,000. Bonus shares amounting to TL 14,678 corresponding to the share of the Bank are included under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

In the prior period, the paid-in capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, which was TL 230,000 within the registered capital ceiling of TL 1,000,000, was increased to TL 460,000 with an increase of TL 230,000. Total shares amounting to TL 148,741 are presented under Purchases in the movement table of subsidiaries.

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

In the prior period, one of the Vakıfbank International AG partners, all of the 10% shares of Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı was acquired by the Bank for TL 57,083, in March 24 2020. Shares are shown in themovement table relating to subsidiaries.

In the prior period, the paid-in capital of Vakıf Gayrimenkul Değerleme A.Ş., which was 14,000 TL, is increased by 16,000 TL to 30,000 TL. The share of the bank is TL 15,543 shown in purchases in the movement table of subsidiaries.

In the prior period, The Bank has paid TL 678 for TL 400 nominal share of Vakıf Emeklilik ve Hayat AŞ one of the partners of Vakıf Gayrimenkul Değerleme AŞ, on January 16, 2020. The shares are shown in the movement table related to subsidiaries in the purchases.

Methods to measure investments in subsidiaries

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Measured at cost	-	-
Measured at fair value	4,650,121	3,651,134
Equity method of accounting	-	-
Total	4,650,121	3,651,134

(*) Valuation amounts of 31 December 2021 have been taken for the unquoted subsidiaries.

Sectoral distribution of investments in financial subsidiaries

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Banks	1,369,078	935,314
Factoring companies	460,454	443,029
Leasing companies	905,048	502,224
Financing companies	-	-
Other financial subsidiaries	1,407,055	1,392,295
Total	4,141,635	3,272,862

Quoted subsidiaries

	Current Period December 31, 2021	Prior Period December 31, 2020
Quoted at domestic stock exchanges	1,716,749	1,302,025
Quoted at international stock exchanges	-	-
Total	1,716,749	1,302,025

Investments in subsidiaries disposed during the period

The Bank has no subsidiaries that were disposed in the current period.

Investments in subsidiaries acquired during the period

9. In the current period, the Bank established Vakıf Elektronik Para ve Dağıtım Hizmetleri AŞ with a capital of 100,000 TL to operate in the field of electronic money and payment services. The company was registered in the trade registry on 25.11.2021. The Bank's share in the Company is 100% and shares worth 100,000 TL are shown under Purchases in the movement table for subsidiaries.

10. Investments in joint-ventures

None.

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I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

11. Information on finance lease receivables (net)

None.

12. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

13. Information on tangible assets

	Real Estates	Right of Use Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	3,293,710	1,365,269	225,290	1,898,199	6,782,468
Accumulated depreciation(-)	47,462	468,720	58,292	1,369,778	1,944,252
Impairment(-)	8,438	-	-	4,176	12,614
Net book value	3,237,810	896,549	166,998	524,245	4,825,602
Net book value at the beginning of the current year	3,237,810	896,549	166,998	524,245	4,825,602
Additions	134,583	427,145	-	186,106	747,834
Transferred cost	969,054	-	-	-	969,054
Transferred amortization	7,993	-	-	-	7,993
Cost of the disposals	1,030,065	221,224	4,477	38,311	1,294,077
Depreciation of the disposals (-)	60	32,615	3,289	15,315	51,279
Depreciation of the current year	8,520	273,001	41,545	150,484	473,550
Impairment (-)	-	-	-	4,162	4,162
Exchange differences related to foreign associates	-	-	509	28,046	28,555
Cost at the end of the current year	3,367,282	1,571,190	221,322	2,074,040	7,233,834
Accumulated depreciation at the end of the year (-)	47,929	709,106	96,548	1,504,947	2,358,530
Impairment (-)	8,438	-	-	14	8,452
Net book value at the end of the current year	3,310,915	862,084	124,774	569,079	4,866,852

14. Information on intangible assets

Bank’s intangible assets consist of computer softwares and licences. The estimated useful life of intangible assets is five years. Intangible assets are amortized on a straight-line basis over the estimated useful lives. The Bank divides the extinction share of intangible assets according to inflation adjusted values.

There is not any intangible asset that is important for fullest extend of financial statements.

Bank does not have any intangible asset that is collateral or acquired by government promotion and has a limitation on usage.

The Bank did not declared a commitment to purchase intangible assets.

15. Information on investment properties

None.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO ASSETS (Continued)

16. Information on deferred tax assets

The deferred tax asset of the Bank as of December 31, 2021 is None. (31.12.2020: 1,125,282). Accounting policies applied for deferred tax assets and deferred tax liabilities are shown in the financial statements by being netted. Information on deferred tax liability V. Section II. Section 8 is shown in footnote.

17. Information on assets held for sale and assets related to the discontinued operations

As of December 31, 2021, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 756,779 (December 31, 2020: TL 1,263,718) and the provision for impairment is TL 1,746 (December 31, 2020: TL 7,467). The amount of other assets held for sales and discontinued operations is TL None. (31 December 2020: TL 3).

18. Information on other assets

As at December 31, 2021 and December 31, 2020 “Other Asset” item does not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

19. Information on expected loss provisions for financial assets and financial assets measured at amortized cost financial assets measured at amortized cost

	Current Period - December 31, 2021	Prior Period – December 31, 2020
Balances with the Central Bank	1,532	990
Banks	12,710	1,739
Total	14,242	2,729
Financial Assets Measured at Amortized Cost	8,247	6,596
Total	22,489	9,325

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

1. Information on maturity profile of deposits

Current Period December 31, 2021	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	15,231,477	-	11,559,594	46,268,755	10,470,493	1,432,528	1,827,314	9,738	86,799,899
Foreign currency deposits	65,786,514	-	51,598,343	149,552,268	7,377,612	4,741,286	10,795,082	-	289,851,105
Residents in Turkey	63,114,039	-	50,946,434	144,540,887	6,023,351	3,303,784	5,794,328	-	273,722,823
Residents in abroad	2,672,475	-	651,909	5,011,381	1,354,261	1,437,502	5,000,754	-	16,128,282
Public sector deposits	13,816,572	-	8,028,818	8,796,107	920,075	372,760	125,928	-	32,060,260
Commercial deposits	10,997,173	-	29,554,441	35,196,846	2,239,806	917,073	138,202	-	79,043,541
Other	11,570,970	-	4,063,921	20,653,480	3,433,962	445,265	336,249	-	40,503,847
Precious metal deposits	26,593,579	-	-	14,891	-	2,585,813	262,572	-	29,456,855
Bank deposits	1,887,187	-	17,814,826	13,011,031	-	67,299	447,537	-	33,227,880
Central Bank	1,625	-	-	-	-	-	-	-	1,625
Domestic banks	1,115,156	-	17,098,189	2,192,613	-	-	-	-	20,405,958
Foreign banks	529,772	-	716,637	10,818,418	-	67,299	447,537	-	12,579,663
Participation banks	240,634	-	-	-	-	-	-	-	240,634
Other	-	-	-	-	-	-	-	-	-
Total	145,883,472	-	122,619,943	273,493,378	24,441,948	10,562,024	13,932,884	9,738	590,943,387

(*) Savings deposit balance, includes TL 8,958,208 “Turkish Lira Time Deposits with Currency Protection”, which was opened within the scope of the announcement of the Ministry of Treasury and Finance dated 24 December 2021 and TL 1,231,731 opened within the scope of the product" Currency Conversion Currency Protected Turkish Lira Time Deposits" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696.

Prior Period December 31, 2020	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	10,033,091	-	9,141,056	49,160,575	1,414,287	309,055	717,266	8,924	70,784,254
Foreign currency deposits	25,786,582	-	23,946,240	100,992,729	4,488,116	2,943,414	7,772,530	-	165,929,611
Residents in Turkey	24,614,391	-	23,552,235	98,182,126	3,659,298	1,956,144	3,640,307	-	155,604,501
Residents in abroad	1,172,191	-	394,005	2,810,603	828,818	987,270	4,132,223	-	10,325,110
Public sector deposits	9,869,935	-	16,555,520	9,056,028	835,740	172,860	122,980	-	36,613,063
Commercial deposits	6,891,407	-	24,952,915	31,747,855	199,071	510,308	271,607	-	64,573,163
Other	9,124,141	-	2,401,792	20,331,158	1,278,713	362,348	851,775	-	34,349,927
Precious metal deposits	17,226,185	-	2,231	4,909	-	1,385,635	173,116	-	18,792,076
Bank deposits	1,604,981	-	14,161,699	6,881,876	322,934	29,959	-	-	23,001,449
Central Bank	3,418	-	-	-	-	-	-	-	3,418
Domestic banks	655,960	-	13,871,431	1,180,543	322,934	-	-	-	16,030,868
Foreign banks	253,437	-	290,268	5,701,333	-	29,959	-	-	6,274,997
Participation banks	692,166	-	-	-	-	-	-	-	692,166
Other	-	-	-	-	-	-	-	-	-
Total	80,536,322	-	91,161,453	218,175,130	8,538,861	5,713,579	9,909,274	8,924	414,043,543

Information on saving deposits insured by Saving Deposit Insurance Fund and the total amounts of
the deposits exceeding the insurance coverage limit

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
Saving deposits	38,157,515	48,642,384	34,549,132	36,235,122
Foreign currency saving deposits	35,113,479	119,335,680	26,578,612	57,449,267
Other saving deposits	-	-	-	-
Foreign branches' deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	73,270,994	167,978,064	61,127,744	93,684,389

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Saving deposits out of insurance coverage limits

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Deposits and other accounts at foreign branches	127,496	68,685
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	17,472	9,753
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purpose

Negative differences related to the derivative financial liabilities held for trading purpose

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Forwards	1,167,111	3,555	46,128	1,739
Swaps	428,039	3,702,220	4,015,689	2,019,300
Futures	-	-	-	-
Options	14,062	175,291	1,367	1,091
Other	-	-	-	-
Total	1,609,212	3,881,066	4,063,184	2,022,130

3. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	484,900	1,791,814	162,800	1,346,184
Domestic banks and institutions	404,632	5,356,443	293,228	5,952,876
Foreign banks, institutions and funds	170,844	83,221,897	340,202	38,891,508
Total	1,060,376	90,370,154	796,230	46,190,568

b) Maturity information of funds borrowed

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Short-term ^(*)	718,210	2,552,479	455,228	2,269,424
Medium and Long-term ^(*)	342,166	87,817,675	341,002	43,921,144
Total	1,060,376	90,370,154	796,230	46,190,568

^(*) Maturity profile of funds borrowed is prepared in accordance to their original maturities.

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 9.57% (December 31, 2020: %7.20) of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

On December 21, 2021, the Bank signed a contract to obtain a 3-year loan worth CNY 3.5 Million from the Development Bank of China, to be used within the framework of general financing needs along with the financing of foreign trade.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Syndicated Loans Received

Beginning From	Maturity (Days)	Currency	Amount (Millions)	Interest rate	Coordinator Bank	Agent Bank
9 December 2021	367	USD	296	Libor+2.15%	The Commercial Bank (P.S.Q.C.) First Abu Dhabi Bank (P.J.S.C.) Emirates NBD Bank (P.J.S.C)	Emirates NBD Bank (P.J.S.C).
	367	EUR	313,5	Euribor+1.75%	The Commercial Bank (P.S.Q.C.) Emirates NBD Bank (P.J.S.C) The Commercial Bank (P.S.Q.C.)	Emirates NBD Bank (P.J.S.C)
10 May 2021	367	USD	237,5	Libor + 2.50%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) MUFG Bank Standard Chartered Bank	Mizuho Bank
	367	EUR	691,3	Euribor + 2.25%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) MUFG Bank Standard Chartered Bank	Mizuho Bank

Securitisation Loans Received

Beginning From	Due date	Currency	Amount (USDMillions)	Loan Type
13 May 2011	15 June 2023	USD	346,5	Based on international remittance flows
4 May 2018	15 March 2023	USD/EUR	380	Based on international remittance flows
5 October 2018	15 September 2028	USD	300	Based on international remittance flows / Based on treasury financing transactions
15 October 2019	15 December 2026	USD	417	Based on international remittance flows / Based on treasury financing transactions
22 March 2021	15 March 2027	USD	461,5	Based on international remittance flows / Based on treasury financing transactions
	15 March 2028	USD	200	Based on international remittance flows / Based on treasury financing transactions
	15 March 2026	USD	508	Based on international remittance flows / Based on treasury financing transactions
	15 March 2026	EUR	200	Based on international remittance flows
	15 September 2026	USD	154	Based on international remittance flows / Based on treasury financing transactions
	15 March 2026	EUR	50	Based on international remittance flows
	15 March 2026	USD	115,4	Based on international remittance flows / Based on treasury financing transactions

^(*) In the table, the relevant loan amounts are stated over each foreign currency amount.

^(**) In the table, the amounts in the relevant credit tranches are given in USD.

As of December 31, 2021, the total securitization balance is equivalent of USD 1,689 million and EUR 337 million. (31 December 2020: USD 1,175 million and EUR 168 million).

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on securities issued

On 5 February 2020, a new bond issuance amounting to USD 750 million with 5-year maturity, 5.25 percent coupon rate and 5.375 percent final return rate was realized. In the transaction, the largest bond issue in the history of the bank, USD 4.3 billion has been collected world wide.

As of December 8, 2020 with 5 year maturity date, the yield and the coupon rate has been set at 6.625% and 6.5% respectively amounting to USD 750 Million which is the first Sustainable Eurobond issuance among deposit banks in Turkey.

The Bank completed its second Sustainable bond issuance on September 16, 2021, within its sustainable finance program. The transaction was made with an amount of USD 500 million, maturity of 5 years, coupon rate of 5.50 and final rate of return of 5.625 percent.

	TL		FC	
	Medium-Long Term		Medium-Long Term	
Current Period - December 31, 2021	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Nominal	5,351,822	5,180,500	870,290	49,667,408
Cost	5,162,221	5,180,500	869,722	49,473,094
Net Book Value	5,264,846	5,301,471	871,154	50,537,426

	TL		FC	
	Medium-Long Term		Medium-Long Term	
Prior Period - December 31, 2020	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Nominal	5,169,940	5,180,500	2,177,273	32,494,250
Cost	5,043,291	5,180,500	2,175,570	32,339,042
Net Book Value	5,150,249	5,301,603	2,188,163	32,872,952

4. Components of “other external resources payable” in the financials that comprise at least 20% of the account, if the account exceeds 10% of total liabilities and equity excluding off-balance sheet commitments

Other external resources payable in the financials do not exceed 10% of total liabilities and equity.

5. Information on lease payables (net)

Obligations under financial leasing

The amounts recognized under TFRS 16 as of December 31, 2021 and December 31, 2020 are presented below.

Current Period – December 31, 2021	Service Buildings	Vehicles	Total
Lease payables	1,432,275	57,818	1,490,093
Deferred rental expenses(-)	526,341	9,840	536,181
Lease payables (Net)	905,934	47,978	953,912
Right of use assets	815,929	46,155	862,084

Prior Period - December 31, 2020	Service Buildings	Vehicles	Total
Lease payables	1,322,486	21,988	1,344,474
Deferred rental expenses(-)	366,940	2,741	369,681
Lease payables (Net)	955,546	19,247	974,793
Right of use assets	878,265	18,284	896,549

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Short term lease contracts with a duration of 12 months or less and lease contracts for ATMs that are determined to be of low value by the Bank have been evaluated within the scope of the exemption recognized by the standard, and payments for these contracts are recorded as expense in the period they occur. In this context, 81,738 TL of lease payments were made in the related period. (December 31, 2020: TL 72,951).

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	Gross	Net	Gross	Net
Under 1 year	47,705	44,359	24,228	23,200
1-4 Years	364,367	297,588	338,843	293,475
Over 4 years	1,078,021	611,965	981,403	658,118
Total	1,490,093	953,912	1,344,474	974,793

With the “TFRS 16 Leases” standard, effective as of January 1, 2019, the difference between operational lease and financial lease has been eliminated, and leasing transactions have started to be disclosed under the “liabilities from leasing transactions” line.

6. Information on derivative financial liabilities held for risk management purpose

Negative fair values of hedging purpose derivatives

None.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

7. Information on Provision

Information on employee rights

According to the TAS-19- Judgments of benefits that are provided to employees, bank accounts and calculate provision to obligations of severance pay and allowance rights.

As of December 31, 2021, TL 979,244 (December 31, 2020: TL 781,077) provision for severance pay and TL 95,048 (December 31, 2020 TL 88,612) provision for unused vacation are stated in financial statements under employee rights provision.

Movement of severance pay provision in the period:

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Opening balance	781,077	598,412
Current service cost	76,353	59,591
Previous service cost	377	37
Interest cost	95,976	69,032
Paid compensation	(39,964)	(38,940)
Payment/Reduction of benefits/Layoff accordingly		
composed loss/(gain)	2,055	382
Actuary loss/(gain)	63,370	92,563
Closing balance	979,244	781,077

Information on pension rights

The technical financial statements of the Fund are audited by an actuary registered in the actuarial registry in accordance with Article 21 of the Insurance Law No. 5684 registered to "Actuarial Regulation" issued pursuant to this article. Based on the actuarial report dated January 2022, neither technical nor actual deficit has been identified that requires provisioning.

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Transferable retirement and health liabilities		
Net Present Value of Transferable Retirement Liabilities	(10,570,828)	(9,103,430)
Net Present Value of Transferable Retirement and Health Contributions	10,470,302	7,319,847
General Administration Expenses	(105,708)	(91,034)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(206,234)	(1,874,618)
Fair Value of Plan Assets (2)	7,215,596	6,577,453
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	7,009,362	4,702,835

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on pension rights (Continued)

Actuarial assumptions used in valuation of Non Transferable Benefits based on TAS 19 are as follows

Discount Rates	Current Period - December 31, 2021	Prior Period - December 31, 2020
Benefits Transferable to SSI	9.80%	9.80%
Non Transferable Benefits	2.50%	2.50%

Distribution of total assets of the Retirement Fund as of December 31, 2021 and December 31, 2020 is presented below:

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Bank placements	4,183,613	2,462,572
Government Bonds and Treasury Bill, Fund and Accrual Interest Income	518,000	1,476,099
Tangible assets*	2,232,947	2,387,853
Other	281,036	250,929
Total	7,215,596	6,577,453

(*) As of 31 December 2021, the value of the fixed assets are shown considering the fair value of the properties owned instead of the balance sheet value.

Provision for currency exchange loss on foreign currency indexed loans

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Provision for currency exchange loss on foreing currency indexed loans	-	5,871

Provisions for non-cash loans that are not indemnified and not converted into cash

As of December 31, 2021, Bank has recorded TL 44,305 (December 31, 2020: TL 43,756) as provisions for non-cash loans that are not indemnified or converted into cash.

Information on provision for probable risks

As of December 31, 2021, the free provision in the financial statements amounted to a total of TL 1,772,000, of which is constituted by TL 700,000 in the current period and TL 1,072,000 in the prior periods. (31 December 2020: TL 1,072,000)

8. Taxation

Current taxes

Tax provision

As of December 31, 2021, the Bank's corporate tax payable is TL 10,325 (December 31, 2020: TL 360,486).

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

8. Taxation (Continued)

Information on taxes payable

	Current Period December 31, 2021	Prior Period December 31, 2020
Corporate taxes payable	10,325	360,486
Taxation on securities	372,700	283,597
Capital gains tax on property	5,763	1,561
Banking and Insurance Transaction Tax (BITT)	350,451	196,109
Taxes on foreign exchange transactions	59,585	8,002
Value added tax payable	21,368	6,957
Other	114,146	41,467
Total	934,338	898,179

Information on premiums payable

	Current Period December 31, 2021	Prior Period December 31, 2020
Social security premiums- employee share	-	-
Social security premiums- employer share	-	-
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	3,114	1,441
Unemployment insurance- employer share	6,229	2,882
Other	259	-
Total	9,602	4,323

Information on deferred tax liabilities

The deferred tax asset / liability schedule as of December 31, 2021 and December 31, 2020 is as follows:

	Current Period December 31, 2021	Prior Period December 31, 2020
As of 1 January	1,125,282	747,323
Deferred tax income/(loss)	(953,358)	470,328
Deferred tax that is accounted under Equity	(193,287)	(86,658)
Other	(25,015)	(5,711)
Deferred tax asset/(Liability)	(46,378)	1,125,282

The reconciliation of the deferred tax on the assets directly related to the equity is as follows:

	Current Period December 31, 2021	Prior Period December 31, 2020
Securities available for sale	(190,521)	(12,162)
Associates and subsidiaries	(15,773)	(71,343)
Tangible assets	333	(21,666)
Assets held for sale	-	-
Actuarial gains and losses	12,674	18,513
The effect of changes in accounting policies	-	-
Total	(193,287)	(86,658)

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

9. Information on payables for assets held for resale and tangible assets related to discounted activities

None.

10. Information on subordinated debts

Stated bonds’ total balance sheet value is TL 28,968,427 as of December 31, 2021 (December 31, 2020: TL 19,458,798).

	Current Period - September 30, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	5,145,230	11,018,134	5,144,984	6,627,849
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	5,145,230	11,018,134	5,144,984	6,627,849
Debt instruments to be included in the additional capital calculation	1,259,521	11,545,542	1,256,477	6,429,488
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	1,259,521	11,545,542	1,256,477	6,429,488
Total	6,404,751	22,563,676	6,401,461	13,057,337

(*)Detailed explanations on subordinated debts are given in the Section IV - "Information on Instruments to be Included in Equity Calculation".

11. Information on equity

Paid-in capital

	Current Period - September 30, 2021	Prior Period - December 31, 2020
Common Stock	3,905,622	3,905,622
Preferred Stock	-	-

Paid-in capital of the Bank amounted to TL 3,905,622 TL is divided into groups comprised of 27.52% Group (A), 10.00% Group (B), 10.35% Group (C) and 52.13% Group (D).

Board of Directors’ members; three members representing Group (A), one member representing Group (B), and two members representing Group (C); among the nominees shown by the majority of each group, and one member among the nominees offered by the shareholders at the General Assembly are selected. Preference of Group (D) is primarily taken into account in the selection of the last mentioned member.

Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital

Capital System	Paid-in Capital	Ceiling per RegisteredShare Capital
Registered capital system	3,905,622	10,000,000

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II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES (Continued)

Information on share capital increases and their sources; other information on any increase in capital shares during the current period

There is no capital and capital share increase made in the current period.

In the prior period, the Bank increased its paid-in capital from TL 2,500,000 to TL 3,905,622, provided that it is within the registered capital ceiling, based on the decision taken at the Board of Directors meeting dated 11 May 2020. Accordingly, the amendment made in the related article of the Articles of Association was registered on 9 June 2020.

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period and the general purpose of these commitments and the estimated resources required for these commitments

None.

Prior period indicators of the Bank’s income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period September 30, 2021		Prior Period December 31, 2020	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	3,002,827	(182,919)	2,520,234	(4,066)
Financial assets at fair value through other comprehensive income	1,251,170	354,576	138,957	700,035
Foreign exchange differences	80,727	-	80,727	-
Total	4,334,724	171,657	2,739,918	695,969

III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ITEMS

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Period - December 3, 2021	Prior Period - December 31, 2020
Commitments for credit card limits	30,687,962	21,320,698
Loan granting commitments	34,013,637	26,086,273
Commitments for cheque payments	7,029,711	5,723,932
Asset purchase sale commitments	13,030,758	11,842,849
Other	2,931,623	2,537,078
Total	87,693,691	67,510,830

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III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ITEMS
(Continued)

Type and amount of possible losses from off-balance sheet items including those referred to below

Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral

The Bank provided specific provision amounting to TL 507,691 (December 31, 2020: TL 473,440) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to TL 44,305 (December 31, 2020: TL 43,756).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period – December 31, 2021	Prior Period – December 31, 2020
Provisional letters of guarantee	3,239,783	2,300,586
Final letters of guarantee	51,344,606	26,707,408
Letters of guarantee for advances	14,848,052	6,997,981
Letters of guarantee given to custom offices	2,542,604	2,335,826
Other letters of guarantee	61,543,637	36,742,124
Total	133,518,682	75,083,925

2. Non-cash loans

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Non-cash loans given for cash loan risks	44,781,413	23,475,004
<i>With original maturity of 1 year or less</i>	<i>8,896,727</i>	<i>3,761,496</i>
<i>With original maturity of more than 1 year</i>	<i>35,884,686</i>	<i>19,713,508</i>
Other non-cash loans	147,357,915	77,761,033
Total	192,139,328	101,236,037

3. Sectoral risk concentrations of non-cash loans

	Current Period - December 31, 2021				Prior Period - December 31, 2020			
	TL	%	FC	%	TL	%	FC	%
Agricultural	139,996	0.23	615,401	0.47	92,169	0.21	711,771	1.23
Farming and Cattle	124,298	0.20	537,647	0.41	85,536	0.20	663,623	1.15
Forestry	12,157	0.02	-	-	4,980	0.01	-	-
Fishing	3,541	0.01	77,754	0.06	1,653	-	48,148	0.08
Manufacturing	19,502,805	31.59	71,808,891	55.07	14,223,619	32.77	32,550,812	56.28
Mining	436,029	0.70	1,021,326	0.78	943,206	2.17	377,971	0.65
Production	12,775,324	20.70	65,154,049	49.97	8,627,927	19.88	29,210,184	50.51
Electric, gas and water	6,291,452	10.19	5,633,516	4.32	4,652,486	10.72	2,962,657	5.12
Construction	14,800,027	23.98	17,549,761	13.46	9,697,538	22.34	7,984,351	13.81
Services	26,235,282	42.50	34,094,890	26.14	18,169,868	41.87	15,093,021	26.09
Wholesale and retail trade	11,533,354	18.69	13,427,929	10.30	7,509,189	17.30	8,560,076	14.80
Hotel, food and beverage Services	599,846	0.97	863,562	0.66	399,272	0.92	596,204	1.03
Transportation and telecommunication	5,179,687	8.39	16,557,465	12.70	3,508,135	8.08	3,935,289	6.80
Financial institutions	4,694,387	7.60	1,545,143	1.18	3,597,437	8.29	315,020	0.54
Real estate and renting Services	2,180,150	3.53	1,323,085	1.01	1,652,822	3.81	1,310,291	2.27
Self-employment services	1,721,447	2.79	315,385	0.24	1,179,304	2.72	369,557	0.64
Education services	124,387	0.20	49,930	0.04	67,596	0.16	1,012	-
Health and social services	202,024	0.33	12,391	0.01	256,113	0.59	5,572	0.01
Other	1,051,765	1.70	6,340,510	4.86	1,221,017	2.81	1,491,871	2.59
Total	61,729,875	100.00	130,409,453	100.00	43,404,211	100.00	57,831,826	100.00

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III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ITEMS
(Continued)

4. Information on the first and second group of non-cash loans

Current Period – December 31, 2021	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	59,172,198	70,452,246	1,737,613	1,649,347
Confirmed Bills of Exchange and Acceptances	4,258	9,575,050	-	-
Letters of Credit	568,389	47,986,477	-	290,283
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	195,776	-	-
Non-Cash Loans	59,744,845	128,209,549	1,737,613	1,939,630

Prior Period - December 31, 2020	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	41,583,843	30,826,591	1,323,090	895,488
Confirmed Bills of Exchange and Acceptances	4,258	5,098,493	-	-
Letters of Credit	253,982	20,506,928	-	155,028
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	114,896	-	-
Non-Cash Loans	41,842,083	56,546,908	1,323,090	1,050,516

5. Information on derivative transactions

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Trading Derivatives		
Foreign Currency Related		
Derivative Transactions (I)	151,003,473	120,375,323
Currency Forwards	14,493,825	3,073,644
Currency Swaps	129,227,973	115,753,278
Currency Futures	-	382,085
Currency Options	7,281,675	1,166,316
Interest Rate Derivative		
Transactions (II)	127,590,653	79,926,312
Interest Rate Forwards	-	-
Interest Rate Swaps	127,590,653	79,926,312
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivatives (III)	71,235,697	29,788,647
A. Total Trading Derivatives		
(I+II+III)	349,829,823	230,090,282
Hedging Derivatives	-	-
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency	-	-
Investments	-	-
B. Total Hedging Derivatives	-	-
Derivative Transactions (A+B)	349,829,823	230,090,282

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III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ITEMS
(Continued)

Current Period - December 31, 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	26,452,780	11,471,724	6,770,828	-	223,500	44,918,832
Sale	29,705,301	11,170,733	6,975,396	-	-	47,851,430
Currency forwards:						
Purchase	50,100	301,063	1,178,211	17,153	-	1,546,527
Sale	50,014	300,610	1,159,418	17,075	-	1,527,117
Cross currency interest rate swaps:						
Purchase	-	-	7,579,285	1,639,000	3,278,760	12,497,045
Sale	-	-	6,817,007	1,177,650	2,491,314	10,485,971
Interest rate swaps:						
Purchase	65,000	95,000	5,272,432	4,363,072	30,167,652	39,963,156
Sale	65,000	95,000	5,272,432	4,363,072	30,167,652	39,963,156
Options:						
Purchase	442,822	93,412	38,000	-	-	574,234
Sale	461,568	97,208	33,306	-	-	592,082
Trading Securities:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Futures:						
Purchase	-	-	186,250	-	-	186,250
Sale	-	-	195,835	-	-	195,835
Other trading derivatives:						
Purchase	2,614,950	563,977	2,045,191	4,085,486	7,884,604	17,194,208
Sale	4,386	563,977	1,789,764	3,139,412	7,096,900	12,594,439
Total purchases	29,625,652	12,525,176	23,070,197	10,104,711	41,554,516	116,880,252
Total sales	30,286,269	12,227,528	22,243,158	8,697,209	39,755,866	113,210,030
Total	59,911,921	24,752,704	45,313,355	18,801,920	81,310,382	230,090,282

Prior Period - December 31, 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	26,452,780	11,471,724	6,770,828	-	223,500	44,918,832
Sale	29,705,301	11,170,733	6,975,396	-	-	47,851,430
Currency forwards:						
Purchase	50,100	301,063	1,178,211	17,153	-	1,546,527
Sale	50,014	300,610	1,159,418	17,075	-	1,527,117
Cross currency interest rate swaps:						
Purchase	-	-	7,579,285	1,639,000	3,278,760	12,497,045
Sale	-	-	6,817,007	1,177,650	2,491,314	10,485,971
Interest rate swaps:						
Purchase	65,000	95,000	5,272,432	4,363,072	30,167,652	39,963,156
Sale	65,000	95,000	5,272,432	4,363,072	30,167,652	39,963,156
Options:						
Purchase	442,822	93,412	38,000	-	-	574,234
Sale	461,568	97,208	33,306	-	-	592,082
Trading Securities:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Futures:						
Purchase	-	-	186,250	-	-	186,250
Sale	-	-	195,835	-	-	195,835
Other trading derivatives:						
Purchase	2,614,950	563,977	2,045,191	4,085,486	7,884,604	17,194,208
Sale	4,386	563,977	1,789,764	3,139,412	7,096,900	12,594,439
Total purchases	29,625,652	12,525,176	23,070,197	10,104,711	41,554,516	116,880,252
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Total	59,911,921	24,752,704	45,313,355	18,801,920	81,310,382	230,090,282

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**III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEET ITEMS
(Continued)**

6. Contingent assets and liabilities

Bank allocates TL 37,141 as provision for lawsuits against the Bank (December 31, 2020: TL 37,141).

7. Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts. The Bank’s custody services and banking transactions on behalf of individuals and corporate customers does not present a material portion.

IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME

1. Interest income

Information on interest income received from loans

	Current Period December 31, 2021		Prior Period December 31, 2020	
	TL	FC	TL	FC
Short-term Loans	13,234,079	847,202	5,914,891	628,901
Medium and Long-Term Loans	29,637,589	8,152,410	23,751,436	5,778,851
Non-performing Loans	662,874	-	657,031	-
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	43,534,542	8,999,612	30,323,358	6,407,752

Information on interest income received from banks

	Current Period December 31, 2021		Prior Period December 31, 2020	
	TL	FC	TL	FC
Central Bank of Republic of Turkey	-	-	-	-
Domestic Banks	6,698	3,107	5,606	7,328
Foreign Banks	-	10,341	-	29,719
Foreign Head Office and Branches	-	-	-	-
Total	6,698	13,448	5,606	37,047

Information on interest income received from marketable securities portfolio

	Current Period – December 31, 2021		Prior Period – December 31, 2020	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	-	217,454	-	90,514
Financial assets at fair value through other comprehensive income	6,861,009	2,383,084	3,345,422	1,000,826
Financial assets measured at amortized cost	8,260,089	1,010,249	5,209,672	682,258
Total	15,121,098	3,610,787	8,555,094	1,773,598

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

**IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)**

Information on interest income received from associates and subsidiaries

	Current Period – December 31, 2021	Prior Period – December 31, 2020
Interest Received from Associates and Subsidiaries	349,291	107,364

2. Interest expense

Interest expense on funds borrowed

	Current Period – December 31, 2021		Prior Period – December, 2020	
	TL	FC	TL	FC
Banks	86,909	1,406,586	91,591	1,132,701
Central Bank of Republic of Turkey	17,505	7,059	3,324	3,161
Domestic Banks	44,764	124,257	28,353	109,872
Foreign Banks	24,640	1,275,270	59,914	1,019,668
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	70,446	-	69,959
Total	86,909	1,477,032	91,591	1,202,660

Interest expense paid to associates and subsidiaries

	Current Period December 31, 2021	Prior Period December 31, 2020
Interest Paid to Associates and Subsidiaries	174,488	228,144

Interest expense on securities issued

Interest paid to securities issued as at for the period ended December 31, 2021 is TL 6,172,494 (TL 2,631,272 and 3,541,222 FC). (December 31, 2020: TL 4,580,755 (TL 2,322,948 and 2,257,807 FC).

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IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)

Maturity structure of the interest expense on deposits

Current Period December 31, 2021	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Interbank deposits	-	371,866	756,887	-	-	-	-	1,128,753
Saving deposits	762	1,578,025	9,318,284	406,703	174,710	206,367	745	11,685,596
Public sector deposits	36,343	905,346	1,162,027	101,172	58,270	10,175	-	2,273,333
Commercial deposits	2,009	4,241,305	5,388,939	213,160	113,171	40,389	-	9,998,973
Other deposits	56	344,756	2,587,379	484,868	281,539	164,856	-	3,863,454
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	39,170	7,441,298	19,213,516	1,205,903	627,690	421,787	745	28,950,109
FC								
Foreign currency deposits	21,574	300,187	1,460,099	88,275	68,162	95,741	-	2,034,038
Interbank deposits	4,552	50,563	102,912	-	-	-	-	158,027
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	24	-	7,364	1,034	-	8,422
Total	26,126	350,750	1,563,035	88,275	75,526	96,775	-	2,200,487
Grand Total	65,296	7,792,048	20,776,551	1,294,178	703,216	518,562	745	31,150,596

Prior Period December 31, 2020	Time Deposits						Cumulative deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Interbank deposits	-	358,213	220,177	-	-	-	-	578,390
Saving deposits	-	1,038,790	4,328,406	197,155	31,782	207,488	783	5,804,404
Public sector deposits	11,608	1,415,586	518,925	96,913	48,357	3,197	-	2,094,586
Commercial deposits	197	1,982,637	2,540,215	71,883	72,599	84,683	-	4,752,214
Other deposits	3	176,293	1,152,718	137,070	18,037	28,009	-	1,512,130
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	11,808	4,971,519	8,760,441	503,021	170,775	323,377	783	14,741,724
FC								
Foreign currency deposits	13,368	191,168	1,284,061	63,324	21,338	82,159	-	1,655,418
Interbank deposits	5,032	62,072	38,154	-	-	-	-	105,258
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	74	-	3,572	790	-	4,436
Total	18,400	253,240	1,322,289	63,324	24,910	82,949	-	1,765,112
Grand Total	30,208	5,224,759	10,082,730	566,345	195,685	406,326	783	16,506,836

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IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME (Continued)

3. Dividend Income

	Current Period December 31, 2021	Prior Period December 31, 2020
Financial assets at fair value through profit or loss	997	645
Financial assets at fair value through other comprehensive income	-	-
Others	119,852	167,194
Total	120,849	167,839

4. Information on trading income/loss

	Current Period December 31, 2021	Prior Period December 31, 2020
Profit	65,735,232	36,157,135
Income from capital market operations	796,843	1,624,022
Income from derivative financial instruments	39,351,597	23,300,603
Foreign exchange gains	25,586,792	11,232,510
Losses	(70,485,017)	(38,707,859)
Loss from capital market operations	(48,151)	(19,103)
Loss from derivative financial instruments	(46,060,164)	(24,851,761)
Foreign exchange loss	(24,376,702)	(13,836,995)
Net trading profit/loss	(4,749,785)	(2,550,724)

Net loss arising from changes in foreign exchange rates that relate to the Bank’s foreign exchange rate based derivative financial instruments is amounting to TL 5,413,043 as at and for the year ended December 31, 2021 (December 31, 2020: TL 1,683,496 net loss).

5. Information on other operating income

	Current Period December 31, 2021	Prior Period December 31, 2020
Income from reversal of the specific provisions for loans from prior periods	6,782,862	4,475,937
Communication income	22,335	16,148
Gain on sale of assets	867,987	691,491
Rent income	8,973	8,129
Other income	265,236	190,628
Total	7,947,393	5,382,333

(*) In line with the Bank's write-off policy, a netting transaction amounting to TL 890.789 has been made in the item of reversing the provisions set aside in previous periods, dated Decemer 31, 2020, and an explanation is given in the Classification Note of the Third Section.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

**IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)**

6. Expected Credit Loss and Other Provision Expenses

	Current Period December 31, 2021	Prior Period December 31, 2020
Expected Credit Loss	11,849,562	11,513,884
12 month expected credit loss (stage 1)	2,009,424	2,728,571
Significant increase in credit risk (stage 2)	6,337,465	4,337,225
Non-performing loans (stage 3)	3,502,673	4,448,088
Marketable Securities Impairment Expense	9,529	11,734
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	9,529	11,734
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	700,000^(*)	244,000
Total	12,559,091	11,769,618

^(*) Free provision balance calculated in 2021 is TL 700,000 (December 31, 2020 TL 220,000)

7. Information on other operating expenses

	Current Period – December 31, 2021	Prior Period – December 31, 2020
Reserve for Employee Termination Benefits	134,796	90,103
Deficit Provision for Pension Funds	-	0
Impairment Losses on Tangible Assets	-	4,791
Depreciation Expenses on Tangible Assets	473,550	457,624
Impairment Losses on Intangible Assets	-	0
Impairment Losses on Goodwill	-	0
Amortization Expenses on Intangible Assets	42,932	36,405
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	0
Impairment Losses on Assets to be Disposed	-	0
Depreciation Expenses on Assets to be Disposed	-	0
Impairment Losses on Assets Held for Sale	-	0
Other Operating Expenses	3,263,434	2,744,818
<i>Leasing expenses related toIFRS 16 exceptions</i>	<i>81,738</i>	<i>72,951</i>
<i>Repair and maintenance expenses</i>	<i>130,960</i>	<i>79,431</i>
<i>Advertisement expenses</i>	<i>260,521</i>	<i>171,163</i>
<i>Other expenses</i>	<i>2,790,215</i>	<i>2,421,273</i>
Loss on sale of assets	4,267	8,506
Other ^(*)	1,590,209	1,396,647
Total	5,509,188	4,738,894

^(*) Other operating expenses amounted TL 1,590,209 (31 December 2020: TL 1,396,647); Dividend provision expenses to be paid to staff amounted 375,840 TL (31 December 2020: 349,663 TL), 364,378 TL (31 December 2020: 299,133 TL) taxes, duties, fees and funds, 515,735 TL (31 December 2020: 451,999 TL) SDIF expenses and 334,256 TL (31 December 2020: 295,852 TL) consists of other expenses.

^(**) In line with the Bank's write-off policy, a set-off transaction amounted to TL 890,789 has been made in the Other item dated 31 December 2020, and an explanation is also included in the Classification Note of the Third Section.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

**IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)**

8. Information on income/loss from discontinued and continuing operations

The Bank has no discontinued operations. Information and detailed tables on profit before tax from continuing operations are presented in disclosures 1-6 in this section.

9. Information on tax provision from discontinued and continuing operations

The Bank has no discontinued operations. Information on provision for taxes on income from continuing operations is presented in disclosure 11 in this section.

10. Information on net profit/loss from discontinued and continuing operations

The Bank has no discontinued operations. Information on net profit/loss from continuing operations is presented in disclosures 1-12 in this section.

11. Provision for taxes

Current period taxation benefit or charge and deferred tax benefit or charge

In the current period, the Bank has recorded a tax charge of TL 166,899 (December 31, 2020: TL 1,899,145) from the net taxable profit calculated in accordance the laws and regulations in effect.

Deferred tax benefit of the Bank is detailed in the table below.

Deferred tax charge arising from temporary differences, tax losses and unused tax credits

As of December 31, 2021, the Bank's deferred tax income from the occurrence/(Closing) of deductible temporary differences is TL 1,884,224 (December 31, 2020: 874,717), from the taxable temporary differences(Occurrence)/Closing (2,837,582) TL (December 31, 2020: (404,389) TL) has deferred tax expense.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

**IV. INFORMATION ON DISCLOSURES RELATED TO THE STATEMENT OF INCOME
(Continued)**

12. Information on net profit and loss

The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank’s performance for the period

The Bank has earned TL 72,200,597 interest income, TL 52,657,216 interest expenses, TL 4,501,363 net fees and commissions income, from ordinary banking transactions (December 31, 2020: TL 47,263,551 interest income, TL 27,376,148 interest expenses, TL 3,395,062 net fees and commissions income).

Any changes in estimations that might have a material effect on current and subsequent period results

None.

13. Information related to the 20% of the sub-accounts belonging to components of other items in the statement of income exceeding 10% of the group total

Banks’ other commissions income mainly consists of credit card fee and commissions, insurance commissions and intelligence commissions.

Banks’ other commissions expense mainly consists of credit card fee and commissions and commissions given for foreign banks credits.

14. Bağımsız denetim kuruluşundan alınan hizmetlere ilişkin ücretler

In accordance with the decision of the KGK dated March 26, 2021, the fees for the reporting period concerning the services acquired by the Bank from the independent auditor or independent audit firm are given in the table below, excluding VAT.

	Current Period December 31, 2021	Previous Period December 31, 2020
Independent audit fee for the reporting period	3,109,250	2,346,051
Fees for other assurance services	2,770,991	2,256,931
Total	5,880,241	4,602,982

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

**V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN
SHAREHOLDERS’ EQUITY**

1. Information on increases of revaluation of available-for-sale investments

Movement tables related to revaluation differences of available-for-sale investments where valuation differences arising from the fair value measurement of fair value through other comprehensive income assets, subsidiaries and affiliates are recorded are as follows:

Valuation Differences of Marketable Securities	Current Period - December 31, 2021	Prior Period - December 31, 2020
Valuation differences at the beginning of the year	838,992	786,036
Fair value changes in the current year	892,961	58,928
Valuation differences transferred to the statement of income	74,353	6,190
Effect of deferred and corporate taxes	(200,560)	(12,162)
Valuation differences at the end of the year	1,605,746	838,992

Valuation Difference of the Subsidiaries and Affiliates	Current Period - December 31, 2021	Prior Period - December 31, 2020
Valuation differences at the beginning of the year	2,596,895	1,100,855
Fair value changes in the current year	319,513	1,567,384
Valuation differences transferred to the statement of income	-	-
Effect of deferred and corporate taxes	(15,773)	(71,344)
Valuation differences at the end of the year	2,900,635	2,596,895

2. Information on increases in cash flow hedges

None.

3. Reconciliation of the beginning and end of the year balances of foreign exchange differences

None.

4. Information on differences in shareholders’ equity accounts due to inflation accounting

In compliance with BRSA’s Circular on April 28, 2005 on ceasing the inflation accounting application, the balances resulted from the inflation accounting application as at December 31, 2004 and booked according to the Uniform Chart of Accounts and the related Articles, are transferred to the main accounts that were subject to the inflation accounting adjustments except for “capital reserves from inflation adjustments”. The balance of “capital reserves from inflation adjustments” account is transferred to “other capital reserves” account. In 2006, the Bank has increased its paid in capital through “other capital reserves” by TL 605,763.

5. Information on profit distribution

At the 67th General Assembly Meeting of the Bank held on March 26, 2021, it was decided to distribute TL 5,010,456 of the distributable net period profit of 2021 totalling TL 501,046 to shareholders as legal reserves, TL 4,345,995 of it as extraordinary reserves, TL 163,415 as special funds.

6. Information on decreases of revaluation of available-for-sale investments

Revaluation differences of available-for-sale investments has resulted with decrease in the current year. Detailed information about the decreases is explained above in Note 1.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS

1. Disclosures for “other” items in statement of cash flows and effect of change in foreign currency rates cash and cash equivalents

“Other” item under the “operating profit before changes in operating assets and liabilities” amounting to TL (12,759,483) (December 31, 2020: 11,084,264) is comprised of income from capital market transactions and derivative financial instruments and foreign exchange gains for the year ended.

“Net increase/decrease in other liabilities” amounting to TL 54,734,348 (December 31, 2020: 76,916,434 TL) under “changes in operating assets and liabilities” is mainly comprised of cash inflows from miscellaneous payables and rcrepuhase agreements.

“Other” item under “net cash flow from investing activities” amounting to TL (47,261) (December 31, 2020: (57,422) TL)is comprised of purchases of intangible assets.

When calculating exchange rate effect on cash and cash equivalents, related assests’ high turnover rate are taken into consideration. Each exchange rate’s arithmetic average of the last five days before the report date and provision of average TL that is calculated from the difference from current period’s exchange rate are reflected as an effect of exchange rate change on the cash flow statement. Except for the above-mentioned, banks that have less than three months to maturity are accepted as cash equivalents and average TL provision is calculated by difference between related operation’s per term exchange rate and current period’s exchange rate. As of December 31, 2021 impact of the exchange rate change on cash and cash equivalents is TL 5,926,375 (December 31, 2020: 20,761 TL).

2. Cash outflows from acquisition of associates, subsidiaries and joint-ventures

It is explained in footnotes 7 and 8 of subsidiaries and affiliates in the Section V.

3. Cash flows from the disposal of associates, subsidiaries and joint-ventures

It is explained in footnotes 7 and 8 of subsidiaries and affiliates in the Section V.

4. Information on cash and cash equivalents

Information on cash and cash equivalents at the beginning of the year

	Period Period December 31, 2020	Prior Period December 31, 2019
Cash on hand	3,097,959	2,454,174
Cash in TL	1,681,202	1,450,294
Cash in foreign currency	1,416,757	1,003,880
Cash equivalents	51,953,636	27,311,000
CBRT	88,034,872	33,262,426
Banks	2,584,919	5,861,343
Receivables from money markets	187,753	-
Other ^(*)	2,055,955	778,620
Loans and advances to banks having maturity of more than 3 months	(73,182)	(342,411)
Restricted cash and cash equivalents	(40,835,818)	(12,245,275)
Unrealized foreign exchange rate differences on cash equivalents	(863)	(3,703)
Total	55,051,595	29,765,174

^(*) As of 31 December 2020, TL 2,055,955 (31 December 2019: 778,620) and TL 1,848,689 (31 December 2019: 629,315) out of TL, 207,266 (31 December 2019: 149,305) that were classified under “Other” was cash in transit and precious metals, respectively.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS (Continued)

Information on cash and cash equivalents at the end of the year

	Current Period December 31, 2021	Prior Period December 31, 2020
Cash on hand	3,947,949	3,097,959
Cash in TL	1,930,251	1,681,202
Cash in foreign currency	2,017,698	1,416,757
Cash equivalents	94,693,591	51,953,636
CBRT	136,196,563	88,034,872
Banks	21,306,338	2,584,919
Receivables from money markets	6,914,400	187,753
Other ^(*)	4,004,475	2,055,955
Loans and advances to banks having maturity of more than 3 months	(425,803)	(73,182)
Restricted cash and cash equivalents	(73,299,265)	(40,835,818)
Unrealized foreign exchange rate differences on cash equivalents	(3,117)	(863)
Total	98,641,540	55,051,595

^(*) As of 31 December 2021, TL 4,004,475 (31 December 2020: 2,055,955) and TL 3,164,175 (31 December 2020: 1,848,689) out of TL, 840,300 (31 December 2020: 207,266) that were classified under “Other” was cash in transit and precious metals, respectively

5. Management comment on restricted cash and cash equivalents due to legal requirements or other reasons taking materiality principle into account

Reserve requirements at CBRT amounting to TL 57,255,114 as at (December 31, 2020: TL 39,571,078) has not been included in cash and cash equivalents.

Foreign currency bank deposits amounting to TL 16,044,151_(December 31, 2020: TL 1,264,740) is blocked and has not been included in cash and cash equivalents due to securitization loans and other ordinary banking operations of the Bank.

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. INFORMATION AND DISCLOSURES RELATED TO THE BANK’S RISK GROUP

1. Information on the volume of transactions with the Bank’s risk group, lending and deposits
outstanding at period end and income and expenses in the current period

Information on loans and other receivables held by the Bank’s risk group

Current Period - December 31, 2021	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the year	3,582,369	772,579	-	32,511	63,311	64,767
Balance at the end of the year	3,978,742	208,949	-	8,344	228,644	22,489
Interest and commission income	349,291	422	-	-	5,337	43

Prior Period - December 31, 2020	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the year	921,932	868,629	-	29,783	334,910	57,317
Balance at the end of the year	3,582,369	772,579	-	32,511	63,311	64,767
Interest and commission income	107,364	456	-	-	19,611	43

Information on deposits held by the Bank’s risk group

	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the year	2,682,838	1,443,698	2,237,815	298,861	117,989	89,490
Balance at the end of the year	2,729,465	2,682,838	3,908,130	2,237,815	82,435	117,989
Interest on deposits	174,488	228,144	548,536	99,294	1,892	8,271

Information on forwards and option agreements and other similar agreements made with the Bank’s risk group

Bank’s Risk Group	Associates, Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit or Loss	-	-	-	-	-	-
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	850,262	-	-	-	-	-
Total profit/loss	(2,567)	(203)	-	-	-	-
Transactions for Hedging Purposes	-	-	-	-	-	-
Beginning of the Period	-	-	-	-	-	-
Balance at the End of the Period	-	-	-	-	-	-
Total income/loss	-	-	-	-	-	-

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DISCLOSURE AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. INFORMATION AND DISCLOSURES RELATED TO THE BANK’S RISK GROUP (Continued)

2. Disclosures of transactions with the Bank’s risk group

Relations with entities in the risk group of/ or controlled by the Bank regardless of the nature of relationship among the parties

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

Information on Benefits Provided to Directors

In the accounting period ending on December 31, 2021, a total amount of TL 43,399 was paid to the Bank’s top management. (December 31, 2020: 32,806 TL).

VIII. INFORMATION ON DOMESTIC, FOREIGN AND OFF-SHORE BRANCHES OR INVESTMENTS AND FOREIGN REPRESENTATIVE OFFICES

Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees			
Domestic Branches(*)	936	16,888			
			Country		
Foreign Representative Offices	-	-			
				Total Assets	Capital
Foreign Branches	1	20	USA	5,460,786	221,100
	1	13	Iraq	1,335,545	670,000
	1	3	Qatar	4,039	-
Off-shore Branches	1	5	Bahrain	63,524,595	-

^(*) Free zone branches in Turkey is included to domestic branches.

Opening or closing of domestic and foreign branches and representative offices and significant changes in organizational structure

During 2021, 4 new domestic branches (2020: 3 domestic branches) 1 foreign branches have been opened and 1 braches have been closed (2020: 10).

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SECTION SIX

OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE BANK’S ACTIVITY

As per the resolution of 67th Annual General Assembly held on March 26, 2021, the net profit of year 2020 has been decided to be distributed as follows:

Profit Distribution Table of Year 2020	
Bank’s unconsolidated profit in its statutory financial statements	5,010,456
Deferred tax credits	-
Net profit of the year subject to distribution	5,010,456
Legal reserves	501,046
<i>First Legal Reserves</i>	250,523
<i>Reserves allocated according to banking law and articles of association.</i>	250,523
Net profit of the year subject to distribution	4,509,410
Gain on sale of immovable and shares of associates and subsidiaries	163,415
Extraordinary reserves	4,345,995
Dividends to shareholders	-

It is planned to transfer 654,718 TL of the amount of 900,871 TL, which was accounted in prior years’ gains, into special fund within the scope of Article 5/1-e of the Corporate Tax Law numbered 5520 and 90,087 TL was to be allocated to legal reserves, and the remaining amount of 156,066 TL to Extraordinary Reserves.

II. INFORMATION ON THE BANK’S RATING GIVEN BY INTERNATIONAL CREDIT RATING INSTITUTIONS

December 2021*	Fitch Ratings
Long Term Foreign Currency	B+
Short Term Foreign Currency	B
Foreign Currency Outlook	Negative
Long Term Local Currency	BB-
Short Term Local Currency	B
Local Currency Outlook	Negative
National Long Term	AA (tur)
National Outlook	Stable
Government Support Rating Floor	b
Viability Note	b+

December 2020*	Moody’s Investors Service
Baseline Credit Assessment	caa2
Local Currency Deposit Rating	B2/NP
Local Currency Outlook	Negative
Foreign Currency Deposit Rating	B2/NP
Foreign Currency Outlook	Negative

June 2021*	JCR Eurasia
Long Term International FC	BB (Stable)
Short Term International FC	B (Stable)
Long Term International TL	BB
Short Term International TL	B
Long Term NSR	AAA (Stable)
Short Term NSR	A-1 + (Stable)
Support Note	1
Independency from Shareholders	A

(*) The dates indicate the last grade change dates.

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OTHER DISCLOSURES (Continued)

III. SIGNIFICANT EVENTS AND MATTERS SUBSEQUENT TO BALANCE SHEET DATE THAT ARE NOT RESULTED

Between 7 January 2022 and 4 February 2022, the Bank has issued financial bills with various maturities.

With the decision no. 95466 of the Board of Directors of the Bank , dated February 9, 2022 It has been decided to increase the issued capital of 3,905,622,489.96 TL (three billion nine hundred five million six hundred twenty-two thousand and four houndred eighty-nine Turkish Lira Ninety-six Kurus) consisting of shares with a nominal value of TL 0.01, in cash by the total nominal capital amount to be calculated according to the share sales price to be determined within the buying and purchasing framework of Borsa Istanbul A.Ş , by completely restricting the pre-emptive rights of the existing shareholders, in a way to obtain a total of 13.400.000.000,00 TL (thirteen billion four hundred Turkish Liras) sales revenue paid and it has been decided that all of the shares to be issued due to the capital increase will be sold to the Turkey Wealth Fund with the allocated sales method.

SECTION SEVEN

INDEPENDENT AUDITORS’ REVIEW REPORT

I. INFORMATION ON INDEPENDENT AUDITORS’ REVIEW REPORT

The Bank’s unconsolidated financial statements and footnotes as at and for the year ended December 31, 2021 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). It was noted in their audited report dated February 14, 2021 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated financial statements do not give a true and fair view of the Bank’s financial position and results of its operations.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.

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

CONSOLIDATED FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT DECEMBER 31,
2021 TOGETHER WITH INDEPENDENT AUDITORS' REPORT

(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
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**Convenience Translation of the Independent Auditor's Report
Originally Issued in Turkish (See Note I in Section Three)**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Audit of Consolidated Financial Statements

Qualified Opinion

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

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



Basis for Qualified Opinion

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

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

Other Matter

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.



Key Audit Matter	How the Key Audit Matter is addressed in our audit
Financial impact of TFRS 9 “Financial Instruments” standard and recognition of classification, measurement and impairment on financial assets and related important disclosures	
As presented in Section III disclosure VIII, the Group recognizes expected credit losses of financial assets in accordance with TFRS 9 Financial Instruments standard. We considered impairment of financial assets as a key audit matter since: - Amount of on and off balance sheet items that are subject to expected credit loss calculation is material to the financial statements. - There are complex and comprehensive requirements of TFRS 9. - The classification of the financial assets is based on the Group’s business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Group uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments. - Policies implemented by the Group management include compliance risk to the regulations and other practices. - Processes of TFRS 9 are advanced and complex. - Judgments and estimates used in expected credit loss, complex and comprehensive. - Disclosure requirements of TFRS 9 are comprehensive and complex.	Our audit procedures included among others include: - Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Group’s past experience, local and global practices. - Reviewing and testing of processes which are used to calculate expected credit losses by involving our Information technology and process audit specialists. - Evaluating the reasonableness and appropriateness of management’s key estimates and judgments in expected credit loss calculations including the responses to COVID-19, through selection of methods, models, assumptions and data sources. - Evaluation of the reasonableness and appropriateness of key judgments and estimates determined by management and the methods, judgments and data sources used in calculating expected loss, taking into account standard requirements, industry and global practices - Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Group’s Business model. - Reviewing the Group’s classification and measurement models of the financial instruments and comparing with TFRS 9 requirements - Evaluating the alignment of the significant increase in credit risk determined during the calculation of expected credit losses, default definition, restructuring definition, probability of default, loss given default, exposure at default and macro-economic variables that are determined by the financial risk management experts with the Group’s past performance, regulations, and other processes that has forward looking estimations. - Assessing the completeness and the accuracy of the data used for expected credit loss calculation. - Testing the mathematical accuracy of expected credit loss calculation on 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 TFRS 9 disclosures.



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



Responsibilities of Management and Directors for the Consolidated Financial Statements

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

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

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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



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

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

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

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



Report on Other Legal and Regulatory Requirements

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

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

Additional paragraph for convenience translation to English

As explained in detail in Note I of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Damla Harman, SMMM
Partner

February 14, 2022
Istanbul, Turkey

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

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

Address : Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi
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Fax : 0216 724 39 09
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Electronic mail address : mevzuat@vakifbank.com.tr

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

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

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

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

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

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

February 14, 2022

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

The authorized contact person for questions on this financial report:

Name-Surname/Title: Burcu SÜTCÜ AKDAĞ / Manager	Name-Surname/Title: Mehmet Fatih METE / Asst.
Phone no : +90 216 724 31 35	Phone no : +90 216 724 31 38
Fax no : +90 216 724 49 55	Fax no : +90 216 724 49 55

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

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

GENERAL INFORMATION (Continued)

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

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

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

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

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

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

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

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

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

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

GENERAL INFORMATION (Continued)

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

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
Board of Directors				
Mustafa SAYDAM	Chairman	March 26, 2021	Bachelor’s	27 years
Dr.Cemil Ragıp ERTEM	Deputy Chairman	June 12, 2020	PhD	23 years
Abdi Serdar ÜSTÜNSALİH	Member – General Manager	May 27, 2019	Master’s	30 years
Dr.Adnan ERTEM	Member	October 28, 2010	PhD	33 years
Dilek YÜKSEL	Member	29 March, 2016	Bachelor’s	11 years
Şahin UĞUR	Member	June 9, 2017	Bachelor’s	35 years
Serdar TUNÇBİLEK	Member	June 9, 2017	Bachelor’s	35 years
Abdülkadir AKSU	Member	May 27, 2019	Bachelor’s	2 years
Sadık YAKUT	Member	May 27, 2019	Bachelor’s	2 years
Audit Committee				
Serdar TUNÇBİLEK	Member	June15, 2017	Bachelor’s	35 years
Dilek YÜKSEL	Member	June 12, 2020	Bachelor’s	11 years
Auditor				
Hasan TÜRE	Auditor	June 9, 2017	Bachelor’s	37 years
Mehmet Emin BAYSA	Auditor	June 12, 2020	Master’s	2 years
Assistant General Managers				
Metin Recep ZAFER	R&D and Business Intelligence Application Development, Basic Banking Application Development, Channel Management and Payment Systems App. Development, System Management, IT System and Application Support, IT Planning and Coordination, Treasury Operations, Foreign Operations, Banking Operations, Credit, Customer and Account Operations	June 13, 2006	PhD	26 years
Muhammet Lütfü ÇELEBİ	Human Resources, Corporate Development andAcademy	October 23, 2013	Bachelor’s	26 years
Şuayyip İLBİLGİ	Accounting and Financial Affairs, Strategy and Planning, Subsidiaries and Affiliates	August 1, 2017	Bachelor’s	25 years
Mikail HİDİR	Credit Risk Liquidation, Legal Affairs	December 26,2018	Bachelor’s	18 years
Hazım AKYOL	Corporate Banking Marketing, Commercial Banking Marketing, Corporate Branches Cash Management Product Development and Foreign Trade Marketing, Corporate Branches	May 31, 2019	Bachelor’s	28 years
Alaattin ŞİMŞEK	Evaluation and Raiting Credit Risk Planning and Monitoring	May 31, 2019	Bachelor’s	26 years
Ferkan MERDAN	Payment Systems, Digital Banking and Distribution Channels, Corporate Communication Customer Experience and Management	May 31, 2019	Master’s	25 years
Muhammed Onay ÖZKAN	Treasury Management., International Banking and Investor Relations Treasury Middle Office	May 31, 2019	Bachelor’s	22 years
Arif ÇOKÇETİN	Corporate Loans Allocation Management Retail and SME Loans Allocation Management Commercial Loans Allocation Management 1-2 Featured Loans Management	July 8, 2020	Bachelor’s	26 years
Kadir KARATAŞ	Support Services	August 13, 2020	Bachelor’s	25 years
Mustafa TURAN	Individual, Deposit Marketing and Payment Systems	January 4, 2022	Bachelor’s	17 years

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

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

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

GENERAL INFORMATION (Continued)

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

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

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

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

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

by unanimous vote.

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

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

GENERAL INFORMATION (Continued)

IV. INFORMATION ON THE PARENT BANK’S QUALIFIED SHAREHOLDERS

Current Period - December 31, 2021				
Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Varlık Fonu (Group D)	1,405,622	35.99	1,405,622	-
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058	27.52	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	10.31	402,553	-
TC Hazine ve Maliye Bakanlığı (Group B)	387,673	9.93	387,673	-
Prior Period - December 31, 2020				
Shareholders	Nominal Value of Shares	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Türkiye Varlık Fonu (Group D)	1,405,622	35.99	1,405,622	-
TC Hazine ve Maliye Bakanlığı (Group A)	1,075,058	27.52	1,075,058	-
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402,553	10.31	402,553	-
TC Hazine ve Maliye Bakanlığı (Group B)	387,673	9.93	387,673	-

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

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

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

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

GENERAL INFORMATION (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

GENERAL INFORMATION (Continued)

- VI.

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

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

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

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

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

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

None.

SECTION TWO
CONSOLIDATED FINANCIAL STATEMENTS

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION) AS AT DECEMBER 31, 2021
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED
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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED BALANCE SHEET
(STATEMENT OF FINANCIAL POSITION) AS AT DECEMBER 31, 2021
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

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

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

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREETÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED OFF-BALANCE SHEET
ITEMS AS AT DECEMBER 31, 2021

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

		Current Period			Prior Period		
		December 31, 2021			December 31, 2020		
	Notes	TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)	212,228,885	498,811,450	711,040,335	168,755,052	278,884,858	447,639,910
I.	GUARANTEES AND WARRENTIES	V-III-2	62,457,727	130,998,199	193,455,926	43,928,944	58,547,258
1.1.	Letters of guarantee	V-III-1	61,406,815	72,673,220	134,080,035	43,395,971	32,027,856
1.1.1.	Guarantees subject to state tender law		3,507,026	19,605,204	23,112,230	2,594,448	12,599,936
1.1.2.	Guarantees given for foreign trade operations		2,542,604	-	2,542,604	2,335,826	-
1.1.3.	Other letters of guarantee		55,357,185	53,068,016	108,425,201	38,465,697	22,022,368
1.2.	Bank acceptances		4,258	9,575,050	9,579,308	4,258	5,111,534
1.2.1.	Import letter of acceptance		-	969,051	-	-	289,665
1.2.2.	Other bank acceptances	V-III-4	4,258	8,605,999	8,610,257	4,258	4,821,869
1.3.	Letters of credit	V-III-4	568,802	48,276,760	48,845,562	253,982	20,667,442
1.3.1.	Documentary letters of credit		568,802	48,276,760	48,845,562	253,982	20,667,442
1.3.2.	Other letters of credit		-	-	-	-	-
1.4.	Pre-financings given as guarantee		-	10,657	10,657	-	5,925
1.5.	Endorsements		-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-
1.6.	Purchase guarantees for securities issued		-	-	-	-	-
1.7.	Factoring guarantees		117,441	277,393	394,834	1,000	474,188
1.8.	Other guarantees		160,411	185,119	345,530	187,331	106,963
1.9.	Other warranties		200,000	-	200,000	86,402	153,350
II.	COMMITMENTS		92,374,573	75,850,537	168,225,110	72,066,613	42,415,370
2.1.	Irrevocable commitments	V-III-1	78,922,048	11,469,988	90,392,036	62,318,729	6,517,443
2.1.1.	Asset purchase and sales commitments	V-III-1	2,924,429	10,106,329	13,030,758	5,695,753	6,147,096
2.1.2.	Deposit purchase and sales commitments		-	-	-	-	-
2.1.3.	Share capital commitments to associates and subsidiaries		34,255	-	34,255	3,150	-
2.1.4.	Loan granting commitments	V-III-1	34,013,637	4,036	34,017,673	26,086,273	2,419
2.1.5.	Securities issuance brokerage commitments		-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-
2.1.7.	Commitments for cheque payments	V-III-1	7,029,711	-	7,029,711	5,723,932	-
2.1.8.	Tax and fund liabilities on export commitments		-	-	-	-	-
2.1.9.	Commitments for credit card expenditure limits	V-III-1	30,687,962	-	30,687,962	21,320,698	-
2.1.10.	Commitments for credit card and banking services promotions		524,897	-	524,897	597,623	-
2.1.11.	Receivables from short sale commitments on marketable securities		-	-	-	-	-
2.1.12.	Payables from short sale commitments on marketable securities		-	-	-	-	-
2.1.13.	Other irrevocable commitments		3,707,157	1,359,623	5,066,780	2,891,300	367,928
2.2.	Revocable commitments		13,452,525	64,380,549	77,833,074	9,747,884	35,897,927
2.2.1.	Revocable loan granting commitments		13,452,525	64,380,549	77,833,074	9,747,884	35,897,927
2.2.2.	Other revocable commitments		-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	V-III-5	57,396,585	291,962,714	349,359,299	52,759,495	177,922,230
3.1.	Derivative financial instruments held for hedging purposes		-	-	-	-	-
3.1.1.	Fair value hedges		-	-	-	-	-
3.1.2.	Cash flow hedges		-	-	-	-	-
3.1.3.	Hedging for investments made in foreign countries		-	-	-	-	-
3.2.	Trading transactions		57,396,585	291,962,714	349,359,299	52,759,495	177,922,230
3.2.1.	Forward foreign currency purchase and sale transactions		6,266,455	8,227,370	14,493,825	1,523,642	1,550,002
3.2.1.1.	Forward foreign currency purchase transactions		3,142,731	4,115,500	7,258,231	864,639	681,888
3.2.2.2.	Forward foreign currency sales		3,123,724	4,111,870	7,235,594	659,003	868,114
3.2.2.	Currency and interest rate swaps		40,183,475	216,164,627	256,348,102	42,382,470	153,888,563
3.2.2.1.	Currency swap purchase transactions		107,989	70,293,816	70,401,805	1,626,406	56,087,175
3.2.2.2.	Currency swap sale transactions		37,905,486	20,450,158	58,355,644	37,636,064	20,995,076
3.2.2.3.	Interest rate swap purchase transactions		1,085,000	62,710,327	63,795,327	1,560,000	38,403,156
3.2.2.4.	Interest rate swaps sale transactions		1,085,000	62,710,326	63,795,326	1,560,000	38,403,156
3.2.3.	Currency, interest rate and security options		2,536,251	4,745,424	7,281,675	247,144	919,172
3.2.3.1.	Currency purchase option		1,664,791	1,939,892	3,604,683	143,814	430,420
3.2.3.2.	Currency sale option		871,460	2,805,532	3,676,992	103,330	488,752
3.2.3.3.	Interest rate purchase options		-	-	-	-	-
3.2.3.4.	Interest rate sale options		-	-	-	-	-
3.2.3.5.	Security purchase options		-	-	-	-	-
3.2.3.6.	Security sale options		-	-	-	-	-
3.2.4.	Currency futures		-	-	-	195,835	186,250
3.2.4.1.	Currency purchase futures		-	-	-	-	186,250
3.2.4.2.	Currency sales futures		-	-	-	195,835	-
3.2.5.	Interest rate futures		-	-	-	-	-
3.2.5.1.	Interest rate purchases futures		-	-	-	-	-
3.2.5.2.	Interest rate sales futures		-	-	-	-	-
3.2.6.	Other		8,410,404	62,825,293	71,235,697	8,410,404	21,378,243
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		6,551,262,425	7,947,865,967	14,499,128,392	3,978,687,376	3,684,354,649
IV.	ITEMS HELD IN CUSTODY		89,655,684	48,710,897	138,366,581	73,978,380	28,612,031
4.1.	Customer fund and portfolio balances		5,458,322	-	5,458,322	-	4,274,226
4.2.	Securities held in custody		49,974,424	15,941,897	65,916,321	47,305,937	8,853,001
4.3.	Checks received for collection		23,408,656	4,620,176	28,028,832	11,974,344	1,763,897
4.4.	Commercial notes received for collection		7,705,143	2,408,419	10,113,562	8,327,754	1,406,998
4.5.	Other assets received for collection		2,152	536	2,688	2,152	298
4.6.	Securities received for public offering		-	-	-	-	-
4.7.	Other items under custody		466,829	21,514,783	21,981,612	636,516	10,335,188
4.8.	Custodians		2,640,158	4,225,086	6,865,244	1,457,451	6,252,649
V.	PLEDGED ITEMS		1,176,944,808	445,151,990	1,622,096,798	775,302,799	312,599,654
5.1.	Marketable securities		415,988	555,091	971,079	321,148	200,660
5.2.	Guarantee notes		1,435,450	7,150,950	8,586,400	1,153,894	4,085,645
5.3.	Commodity		129,796,090	5,966,459	135,762,549	111,710,308	3,495,630
5.4.	Warrant		-	-	-	-	-
5.5.	Immovables		879,409,988	363,737,452	1,243,147,440	529,461,764	262,692,582
5.6.	Other pledged items		165,412,990	67,579,365	232,992,355	132,138,333	41,983,730
5.7.	Depositories receiving pledged items		474,302	162,673	636,975	517,352	141,407
VI.	ACCEPTED GUARANTEES AND WARRANTIES		5,284,661,933	7,454,003,080	12,738,665,013	3,129,406,197	3,343,142,964
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			6,763,491,310	8,446,677,417	15,210,168,727	4,147,442,428	3,963,239,507

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREETÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED STATEMENT OF PROFIT OR
LOSS FOR THE YEAR ENDED DECEMBER 31, 2021

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

			Current Period January 1, 2021- December 31, 2021	Prior Period January 1, 2020- December 31, 2020
		Notes		
I.	INTEREST INCOME	V-IV-1	73,317,046	48,002,021
1.1	Interest on loans	V-IV-1	53,157,911	37,070,419
1.2	Interest received from reserve deposits		906,502	151,349
1.3	Interest received from banks	V-IV-1	32,211	78,338
1.4	Interest received from money market transactions		3,756	3,388
1.5	Interest received from marketable securities portfolio	V-IV-1	18,826,612	10,414,784
1.5.1	Financial assets at fair value through profit or loss		240,985	115,374
1.5.2	Financial assets at fair value through other comprehensive income		9,315,289	4,407,480
1.5.3	Financial assets measured at amortised cost		9,270,338	5,891,930
1.6	Finance lease interest income		360,924	261,703
1.7	Other interest income		29,130	22,040
II.	INTEREST EXPENSES	V-IV-2	52,991,621	27,607,459
2.1	Interest on deposits	V-IV-2	31,014,009	16,466,527
2.2	Interest on funds borrowed	V-IV-2	1,901,817	1,508,717
2.3	Interest on money market transactions		13,560,184	4,552,830
2.4	Interest on securities issued	V-IV-2	6,256,561	4,601,930
2.5	Leasing interest income		150,301	137,516
2.6	Other interest expenses		108,749	339,939
III.	NET INTEREST INCOME/EXPENSE (I - II)		20,325,425	20,394,562
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		4,255,818	2,984,080
4.1	Fees and commissions received		5,750,870	3,843,383
4.1.1	Non-cash loans		995,209	769,342
4.1.2	Other		4,755,661	3,074,041
4.2	Fees and commissions paid (-)		1,495,052	859,303
4.2.1	Non-cash loans		12,389	6,651
4.2.2	Other		1,482,663	852,652
V.	DIVIDEND INCOME	V-IV-3	23,394	17,633
VI.	TRADING PROFIT/LOSS (Net)		(4,254,115)	(2,336,832)
6.1	Profit/losses from capital market transactions	V-IV-4	749,372	1,611,005
6.2	Profit/losses from derivative financial transactions	V-IV-4	(6,946,541)	(1,552,660)
6.3	Foreign exchange profit/losses	V-IV-4	1,943,054	(2,395,177)
VII.	OTHER OPERATING INCOME	V-IV-5	8,575,813	7,190,168
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		28,926,335	28,249,611
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	V-IV-6	11,941,319	11,617,157
X.	OTHER PROVISION EXPENSES (-)	V-IV-6	726,429	288,433
XI.	PERSONNEL EXPENSES (-)		4,129,500	3,476,315
XII.	OTHER OPERATING EXPENSES (-)	V-IV-7	5,599,918	4,945,114
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		6,529,169	7,922,592
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		93,677	62,032
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)	V-IV-8	6,622,846	7,984,624
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	V-IV-9	(1,287,150)	(1,577,244)
18.1	Current tax provision	V-IV-11	(391,092)	(2,037,612)
18.2	Expense effect of deferred tax (+)	V-IV-11	(5,885,070)	(1,935,535)
18.3	Income effect of deferred tax (-)	V-IV-11	4,989,012	2,395,903
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	V-IV-10	5,335,696	6,407,380
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from assets held for sale		-	-
20.2	Profit from sale of associates, subsidiaries and joint ventures		-	-
20.3	Other income from discontinued operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Losses from sale of associates, subsidiaries and joint ventures		-	-
21.3	Other expenses from discontinued operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSSES (XIX+XXIV)	V-IV-12	5,335,696	6,407,380
25.1	Group's profit/(loss)		5,165,856	6,337,453
25.2	Minority shares (-)		169,840	69,927
	Profit/Loss per 100 shares (full TL)	III-XXIV	1.3662	1.8986

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

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

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

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

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

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

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

STATEMENT OF CHANGES IN SHAREHOLDERS										Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss				Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss				Total SE Except minority share		Total Shareholders' Equity	
Current Period	Notes	Paid in Capital	Share Premium	Share Cancellation	Share Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total SE Except minority share	Minority interest	Shareholders' Equity			
December 31, 2021																					
I.	Prior Period End Balance	3,905,622	6,303,347	-	(37,820)	888,033	(181,150)	896,713	525,776	1,038,528	(184,408)	26,704,950	6,545,561	-	-	46,405,152	746,932	47,152,084			
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2.1.	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2.2.	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
III.	Adjusted Beginning Balance (I+II)	3,905,622	6,303,347	-	(37,820)	888,033	(181,150)	896,713	525,776	1,038,528	(184,408)	26,704,950	6,545,561	-	-	46,405,152	746,932	47,152,084			
IV.	Total Comprehensive Income	-	-	-	-	-	4,716	(52,000)	730,807	451,421	665,253	(262,351)	-	-	5,165,856	6,703,702	171,045	6,874,747			
V.	Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
VI.	Capital Increase by Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
VII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
VIII.	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
IV.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
X.	Increase/Decrease by Other Changes	-	20	-	-	(72,924)	-	-	-	-	-	1,157,723	(1,202,543)	-	-	(117,724)	297,694	179,970			
XI.	Profit Distribution	-	-	-	-	-	(80)	-	-	-	-	5,305,615	(5,311,705)	-	-	(6,170)	(603)	(6,773)			
11.1.	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(6,162)	-	-	(6,162)	(603)	(6,765)			
11.2.	Transfers to Reserves	-	-	-	-	-	(80)	-	-	-	-	5,302,264	(5,302,192)	-	-	(8)	-	(8)			
11.3.	Other	-	-	-	-	-	-	-	-	-	-	3,351	(3,351)	-	-	-	-	-			
	Ending Balance (I+II+...+XI)	3,905,622	6,303,367	-	(110,744)	892,669	(233,150)	1,627,520	977,197	1,703,781	(446,759)	33,168,288	31,313	5,165,856	52,984,960	1,215,068	54,200,028				
1.	Property & Equipment Revaluation Increase/Decrease																				
2.	Defined Benefit Pension Plan Remeasurement Gain/Loss																				
3.	Other (Accumulated Amount of the Shares Stated as Other Comprehensive Income Not Reclassified Through Profit or Loss and Components Not Reclassified as Other Profit or Loss of the Investments Valued by Equity Method)																				
4.	Translation Differences from Foreign Currency Transactions																				
5.	Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income																				
	Other (Cash Flow Hedge Income/ Loss, Accumulated Amount of the Shares Stated as Other Comprehensive Income Reclassified Through Profit or Loss and Components Reclassified as Other Profit or Loss of the Investments Valued by Equity Method)																				

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

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

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

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

	Reviewed December 31, 2020	Notes	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss						Prior Period Profit or (Loss)	Current Period Profit or (Loss)	Total SE Except minority share	Minority Interest	Total Shareholders' Equity
							1	2	3	4	5	6					
I.	Prior Period End Balance		2,500,000	723,962	-	115,979	693,898	(105,972)	697,496	407,474	879,787	(43,358)	3,180,500	-	32,681,156	871,134	33,552,290
II.	Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Effects of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		2,500,000	723,962	-	115,979	693,898	(105,972)	697,496	407,474	879,787	(43,358)	3,180,500	-	32,681,156	871,134	33,552,290
IV.	Total Comprehensive Income		-	-	-	-	195,103	(75,295)	195,366	259,352	17,691	(141,050)	-	6,337,453	6,791,620	69,203	6,860,823
V.	Capital Increase by Cash		1,405,622	5,579,385	-	-	-	-	-	-	-	-	-	-	6,985,007	-	6,985,007
VI.	Capital increase by internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increased Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.1.	Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.1.1.	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.1.2.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.1.3.			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance			3,905,622	6,303,347	-	(37,820)	892,001	(181,267)	892,862	666,826	897,478	(184,408)	208,108	6,337,453	46,405,152	746,935	47,152,087

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

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

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

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

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

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

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

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

(*) It is the profit distribution table in the unconsolidated financial statements of the Parent Bank.
(**) The amount shown in other taxes and legal liabilities is deferred income/expense tax, and deferred tax income is not subject to profit distribution.
(***) As of the report date, distributable net profit of the period is not shown as any decision regarding the 2021 profit distribution is not taken.

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

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

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

SECTION THREE
ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated November 1, 2006 and in accordance with the regulations, communiques, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA and Turkish Financial Reporting Standards (“TFRS”) enforced by Public Oversight, Accounting and Auditing Standards Authority (“POA”) and related appendices and interpretations (together referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué on Disclosures about Risk Management to be Announced to Public by Banks” and amendments to this Communiqué. General board and some regulatory authorities has the authorization to change the legal financial statements after they are published. The Parent Bank maintains its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

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

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

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

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

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

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

I. BASIS OF PRESENTATION (Continued)

Additional paragraph for convenience translation to English

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

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

Strategy for the use of financial instruments

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

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

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

Information on foreign currency transactions

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

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

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

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

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

Consolidated subsidiaries

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

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

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

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

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ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE**

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

ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

Investments in associates consolidated per equity method

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

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON FORWARDS, OPTIONS AND OTHER DERIVATIVE TRANSACTIONS

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

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

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

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

V. INFORMATION ON INTEREST INCOME AND EXPENSES

Banking activities

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

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

Finance leasing activities

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

Factoring operations

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

VI. INFORMATION ON FEES AND COMMISSIONS

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS

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

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

Classification and Measurement of Financial Instruments

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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

Financial Assets Measured at Amortized Cost

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

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

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

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VII. INFORMATION ON FINANCIAL ASSETS (Continued)

Derivative Financial Assets

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

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

Loans

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

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED LOSS PROVISIONS (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

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

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

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

Staging

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Significant Increase in Credit Risk

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

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON EXPECTED CREDIT LOSS PROVISIONS (Continued)

Default Definition

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

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

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

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

Write off Policy

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

Asset Sales Policy

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

IX. INFORMATION ON OFFSETTING OF FINANCIAL INSTRUMENTS

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

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ACCOUNTING POLICIES (Continued)

X. INFORMATION ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING

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

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

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

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

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

XII. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON TANGIBLE ASSETS

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

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XIV. INFORMATION ON LEASING ACTIVITIES

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

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

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

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

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

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

XV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

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

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of unplanned or unexpected one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Parent Bank discloses the contingent asset.

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ACCOUNTING POLICIES (Continued)

XVI. INFORMATION ON OBLIGATIONS OF THE GROUP CONCERNING EMPLOYEE RIGHTS

Reserve for employee termination benefits

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

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

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

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

Other benefits to employees

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

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

Pension fund

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

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

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

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

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

XVII. INFORMATION ON TAXATION

Corporate tax

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

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

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

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

Corporation tax legislation for the foreign branches

Bahrain

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

Erbil

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

New York

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

Qatar

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

Deferred taxes

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

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ACCOUNTING POLICIES (Continued)

XVII. INFORMATION ON TAXATION (Continued)

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

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

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

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

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

Transfer Pricing

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

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

XVIII. INFORMATION ON CASH AND CASH EQUIVALENT

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank of the Republic of Turkey (CBRT); and cash equivalents include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XIX. ADDITIONAL INFORMATION ON BORROWINGS

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

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

The Parent Bank is not hedging about debt instruments.

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ACCOUNTING POLICIES (Continued)

XX. INFORMATION ON ISSUANCE OF EQUITY SECURITIES

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

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

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

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

XXI. INFORMATION ON CONFIRMED BILLS OF EXCHANGE AND ACCEPTANCES

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

XXII. INFORMATION ON GOVERNMENT INCENTIVES

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

XXIII. INFORMATION ON SEGMENT REPORTING

An operating segment is a component of an entity:

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

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

-For which discrete financial information is available.

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

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ACCOUNTING POLICIES (Continued)

XXIV.OTHER MATTERS

Earnings per shares

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

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

Related parties

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

Classifications

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

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SECTION FOUR

INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS

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

Additionally, the recent revision changes considered are as follows:

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

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

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

Information about the consolidated shareholder equity items

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

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

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

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

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

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

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

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

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

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

Summary information related to capital adequacy ratio

Current Period - December 31, 2021		T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.
Issuer		XS0849728190/ US90015NAB91	XSI551747733/ US90015WAE30	TRSVKFB92719	TRSVKFB92719	XS1984644812	796430
Governing law(s) of the instrument		Debt Instrument Communique numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communique on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communique on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communique on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communique on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communique on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communique numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communique on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity
Regulatory treatment							
Subject to 10% deduction as of 1/1/2015		Subject to deduction. Available	Not subject to deduction. Available	Not subject to deduction. Available	Not subject to deduction. Available	Not subject to deduction. Available	Not subject to deduction. Available
Eligible at 10% group&solo		Available	Available	Available	Available	Available	Available
Instrument type		Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)		0	3,050	525	4,994	10,645	725
Par value of instrument (in million)		8,353	3,050	525	4,994	10,645	725
Accounting classification		347011 - Subordinated Liabilities	347011 - Subordinated Liabilities	346001 - Subordinated Liabilities	346001 - Subordinated Liabilities	347001 - Subordinated Liabilities	346001 - Subordinated Liabilities
Original date of issuance		November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Perpetual or dated		Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: November 1, 2027	Dated (10 years) Maturity Date: September 6, 2027	Undated	Undated	Dated (10 years) Maturity Date: September 14, 2029
Issue date		November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2018	April 24, 2019	September 27, 2019
Issuer call subject to prior supervisory approval		Available	Available	Available	Available	Available	Available
Call option dates, conditioned call dates and call amount		Not available.	Early call date at November 1, 2022 is available.	Early call date at the end of five years.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable		Not available.	Only one call option is available.	Only one call option is available.	September 27, 2023	April 24, 2024	Only one call option is available.

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

Fixed or floating dividend/coupon	Fixed interest rate / Interest payment once in six months, unless payment at the maturity date	Fixed interest rate / Interest payment once in six months, unless payment at the maturity date	Fixed interest rate / Interest payment once in six months, unless payment at the maturity date	Fixed interest rate / Interest payment once in six months, unless payment at the maturity date	Fixed interest rate / Interest payment once in six months, unless payment at the maturity date	Coupons / dividends		Fixed interest rate / Interest payment once in six months, unless payment at the maturity date	Fixed interest rate / Interest payment once in six months, unless payment at the maturity date	Fixed interest rate / Interest payment once in six months, unless payment at the maturity date	Fixed interest rate / Interest payment once in six months, unless payment at the maturity date	Fixed interest rate / Interest payment once in six months, unless payment at the maturity date	Floating interest rate/ Interest payment once in three months, unless payment at the maturity date
						Fixed interest rate / Interest payment once in six months, unless payment at the maturity date	Fixed interest rate / Interest payment once in six months, unless payment at the maturity date						
Coupon rate and any related index	6% fixed interest rate	6.872% fixed interest rate	8% fixed interest rate	8% fixed interest rate	Government Debt Security* +350 basis points	5 years maturity *Indicator points	% 12.02 fixed interest rate	5.076% fixed interest rate	TLREF + 150 basis points				
Existence of a dividend stopper	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil				
Fully discretionary, partially discretionary or mandatory	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil				
Existence of step up or other incentive to redeem	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil				
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative				
If convertible, conversion trigger (s)	Nil	Nil	Nil	Nil	Convertible or non-convertible	Convertible or non-convertible	Convertible or non-convertible	Convertible or non-convertible	Convertible or non-convertible				
If convertible, fully or partially	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil				
If convertible, conversion rate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil				
If convertible, mandatory or optional conversion	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil				
If convertible specify instrument type convertible into	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil				
If convertible specify issuer of instrument it converts into	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil				
Write-down feature													
If write-down, write-down trigger(s)	Not available.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.	Available. Revoking the business activity of Bank according to 71. clause of 5411 numbered Banking Law or liquidation proceedings to Savings Deposit Insurance Fund are the triggering events.
If write-down, full or partial	Not available.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.	Has full or partial write down feature.				
If write-down, permanent or temporary	Not available.	Has permanent write down feature.	Has permanent write down feature.	Has permanent write down feature.	Has permanent write down feature.	Has permanent write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.	Has permanent or temporary write down feature.				
If temporary write-down, description of write-up mechanism	Not available.	Has no write-up mechanism.	Has no write-up mechanism.	Has no write-up mechanism.	Has no write-up mechanism.	Has no write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.	Has write-up mechanism.				
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors.	Before the debt instruments to be included in the additional capital calculation, after the depositors and all other creditors.				
Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 8	Possess Article 7	Possess Article 7	Possess Article 7				
According to article 7 and 8 of Banks' shareholders equity law that are not possessed	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Not Possess Article 7	Possess Article 7	Possess Article 7	Not Possess Article 7				

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

INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Prior Period - December 31, 2020					
Issuer	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.	T.Vakıflar Bankası T.A.O.
Unique identifier (CUSIP, ISIN vb.)	XS0849728190/ US90015NA891	XS1551747733/ US90015WA30	TRSVKFB92719	TRSVKFBXA043	XS198464812
Governing law(s) of the instrument	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity	Debt Instrument Communiqué numbered CMB-VII-128.8 BRSA regulation on bank's shareholder equity BRSA Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity
		Regulatory Treatment	Not subject to deduction.	Not subject to deduction.	Not subject to deduction.
	Subject to 10% deduction as of 1/1/2015	Available	Available	Available	Available
	Eligible at solo/group/solo				
	Instrument type	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)	Additional Capital Bond Issuance (Tier I Capital)	Bond Issuance Possessing Subordinated Loan Conditions (Tier II Capital)
	Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	325	1,696	4,994	725
	Par value of instrument (in million)	4,644	1,696	4,994	725
	Accounting classification	347011- Subordinated Liabilities	347011- Subordinated Liabilities	346001- Subordinated Liabilities	346011-Subordinated Liabilities
	Original date of issuance	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2019
	Perpetual or dated	Dated (10 years) Maturity Date: November 1, 2022	Dated (10 years) Maturity Date: November 1, 2027	Undated	Dated (10 years) Maturity Date: September 14, 2029
Call option dates, conditioned call dates and call amount	Issue date	November 1, 2012	February 13, 2017	September 18, 2017	September 27, 2019
	Issuer call subject to prior supervisory approval	Available	Available	Available	Available
		Not available.	Early call date at November 1, 2022 is available.	Early call option at the end of five years is available and this option may be used depending on the BRSA approval.	Early call date at the end of five years.
Subsequent call dates, if applicable	Not available.	Only one call option is available.	Only one call option is available.	September 27, 2023	Only one call option is available

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

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

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

I. INFORMATION ON CONSOLIDATED EQUITY ITEMS (Continued)

Reconciliation of capital items to balance sheet:

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

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

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

II. CONSOLIDATED CREDIT RISK

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

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

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

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

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

II. CONSOLIDATED CREDIT RISK (Continued)

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

For credit risk management purposes, Risk Management Department operates in

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

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

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

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

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

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

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

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

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

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

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

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK
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II. CONSOLIDATED CREDIT RISK (Continued)

Information on loan types and expected loss provisions:

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

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

Information on expected loss provisions for loans:

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

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

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

II. CONSOLIDATED CREDIT RISK (Continued)

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

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

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

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

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

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

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

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

II. CONSOLIDATED CREDIT RISK (Continued)

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

Current Period- December 31, 2021	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non- commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims and short term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Stock Investments	Other receivables	Total
Domestic	415,506,604	7,888,575	889,330	-	-	12,290,109	296,769,659	123,081,559	107,310,684	4,432,335	14,031,472	-	-	-	7,806	363,858	21,187,299	1,003,768,290
EU countries	4,424,946	-	1,808	-	-	-	34,656,565	4,525	-	-	7,570	-	-	-	-	-	65,313	44,239,464
OECD countries ^(*)	110,350	-	-	-	-	-	249,259	-	-	-	-	-	-	-	-	-	-	359,589
Off-shore banking	220,213	-	-	-	-	-	653,251	13,330,049	-	-	-	-	-	-	-	-	-	14,203,513
USA, Canada	1,363,321	-	-	-	-	-	5,967,414	1,829,542	-	-	-	-	-	-	-	-	-	9,160,277
Other countries	195,147	-	-	-	-	-	2,177,466	334,893	-	-	75,927	-	-	-	-	-	-	2,783,596
Investment and associates,	-	-	-	-	-	-	-	163	-	-	-	-	-	-	-	-	-	-
subsidiaries and joint ventures	-	-	-	-	-	-	124,947	-	-	-	-	-	-	-	-	2,840,570	-	2,965,517
Undistributed Assets/ Liabilities ^(**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	421,820,561	7,888,575	891,138	-	-	56,128,011	317,343,080	123,086,047	107,310,684	4,432,335	14,114,969	-	-	-	7,806	3,204,428	21,252,612	1,077,480,246

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

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

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

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II. CONSOLIDATED CREDIT RISK (Continued)

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

Prior Period - December 31, 2019	Claims on sovereigns and Central Banks	Claims on regional governments or local authorities	Claims on administrative bodies and other non- commercial undertakings	Claims on multilateral development banks	Claims on international organizations	Claims on banks and intermediary institutions	Claims on corporates	Claims included in the regulatory retail portfolios	Claims secured by residential property	Past due loans	Higher risk categories decided by the Board	Secured by mortgages	Securitization positions	Short-term claims and short term corporate claims on banks and intermediary institutions	Undertakings for collective investments in mutual funds	Stock Investments	Other receivables	Total
Domestic	307,651,640	9,611,695	493,497	29,475	-	9,154,726	216,387,024	98,671,276	83,389,634	3,914,529	-	-	-	-	411	324,935	18,854,498	748,685,340
EU countries	3,297,483	-	3,321	9,335	-	43,921,502	4,402,087	5,481	-	-	1,288	-	-	-	-	-	46,766	51,687,863
OECD countries ^(*)	86,397	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	270,103
Off-shore	-	-	-	-	-	-	9,440,475	-	94,325	-	-	-	-	-	-	-	-	10,418,926
banking regions	-	-	-	-	-	-	884,126	-	-	-	-	-	-	-	-	-	-	4,231,980
USA, Canada	288,607	-	-	-	-	2,510,592	1,426,908	376	5,497	-	-	-	-	-	-	-	-	4,231,980
Other countries	83,690	-	-	-	-	1,249,390	202,568	331	-	-	199,647	-	-	-	-	-	-	1,735,626
Investment and associates,	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,897,960	-	1,998,312
subsidiaries and joint ventures	-	-	-	-	-	-	100,352	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets/ Liabilities ^(**)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	311,407,817	9,611,695	498,818	38,810	-	58,004,394	232,059,662	98,677,464	83,489,456	3,914,529	200,935	-	-	-	411	2,222,895	18,901,264	819,028,150

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

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

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

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II. CONSOLIDATED CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

Current Period - December 31, 2021	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	273,945	232	1,968	-	-	-	1,349,193	2,185,173	1,337,952	46,004	36,002	-	-	-	-	-	-	5,055,368	175,161	5,230,529
<i>Farming and raising livestock</i>	247,223	232	1,968	-	-	-	817,947	2,094,820	1,306,716	42,936	35,667	-	-	-	-	-	-	4,456,716	90,793	4,547,509
<i>Forestry</i>	7,866	-	-	-	-	-	445,558	50,954	23,359	480	344	-	-	-	-	-	-	523,152	5,409	528,561
<i>Fishing</i>	18,856	-	-	-	-	-	85,688	39,399	7,877	2,588	51	-	-	-	-	-	-	75,500	78,959	154,459
Manufacturing	9,202,821	486,109	1,023	-	-	-	142,473,978	16,936,353	18,790,444	729,341	48,750	-	-	-	-	-	-	99,317,654	89,351,165	188,668,819
<i>Mining</i>	194,087	-	-	-	-	-	11,163,270	401,241	359,682	61,551	487	-	-	-	-	-	-	3,339,014	8,841,304	12,180,318
<i>Production</i>	8,882,093	-	658	-	-	-	100,175,419	16,069,824	17,931,763	500,076	47,702	-	-	-	-	-	-	86,416,732	57,190,803	143,607,535
<i>Electric, Gas, Water</i>	126,641	486,109	365	-	-	-	31,135,289	465,288	498,999	167,714	561	-	-	-	-	-	-	9,561,908	23,319,058	32,880,966
Construction	15,131,781	64	22	-	-	-	37,744,619	5,734,913	10,674,129	909,746	23,834	-	-	-	-	-	-	40,272,928	29,946,180	70,219,108
<i>Services</i>	287,200,441	7,398,079	533,163	-	-	-	113,092,133	36,485,454	37,299,125	985,117	1,023,303	-	-	-	7,806	363,859	-	332,829,811	205,445,394	538,275,205
<i>Wholesale and retail trade</i>	9,308,332	1,298	1,491	-	-	-	36,503,130	23,716,960	18,857,005	721,748	229,108	-	-	-	-	-	-	73,093,525	16,245,547	89,339,072
<i>Hotel, Food and Beverage Services</i>	1,426,515	-	90	-	-	-	7,979,462	2,046,964	8,764,555	77,271	91,455	-	-	-	-	-	-	8,624,258	11,762,054	20,386,312
<i>Transportation and Telecommunication</i>	8,052,676	21	10,078	-	-	-	48,907,922	5,899,945	4,574,084	103,514	124,623	-	-	-	-	-	-	17,024,076	50,648,787	67,672,863
<i>Financial Institutions</i>	267,013,115	-	2,333	-	-	-	53,886,725	12,476,611	884,259	478,163	7,741	101,325	-	7,806	363,859	-	-	212,401,418	122,820,519	335,221,937
<i>Real Estate and renting services</i>	302,610	-	436,309	-	-	-	3,207,970	2,873,320	2,809,170	40,892	436,737	-	-	-	-	-	-	8,973,692	1,133,316	10,107,008
<i>Self-employment services</i>	-	-	-	-	-	-	229,623	8,517	-	-	-	-	-	-	-	-	-	211,828	26,312	238,140
<i>Education services</i>	313,650	-	372	-	-	-	976,024	338,550	986,976	22,456	3,345	-	-	-	-	-	-	2,543,157	98,216	2,641,373
<i>Health and social services</i>	783,543	7,396,760	82,490	-	-	-	2,811,391	716,939	829,172	11,495	36,710	-	-	-	-	-	-	9,957,857	2,710,643	12,668,500
Other	110,011,573	4,091	354,962	-	-	2,241,286	22,683,157	61,744,154	39,209,034	1,762,127	12,983,020	-	-	-	-	2,840,569	21,252,612	180,279,917	94,806,668	275,086,585
Total	421,824,561	7,888,575	891,138	-	-	56,128,011	317,343,080	123,086,047	107,310,684	4,432,335	14,114,969	-	-	-	7,806	3,204,428	21,252,612	657,755,678	419,724,568	1,077,480,246

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

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on international organizations
- 6- Claims on banks and intermediary institutions
- 7- Claims on corporates
- 8- Claims included in the regulatory retail portfolios
- 9- Claims secured by residential property
- 10- Past due loans
- 11- Higher risk categories decided by the Board
- 12- Secured by mortgages
- 13- Securitization positions
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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CONSOLIDATED CREDIT RISK (Continued)

Risk profile according to sectors and counterparties (*)

Prior Period- December 31, 2020	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TL	FC	Total
Agricultural	491,965	3,565	2,368	-	-	308	861,206	1,250,418	1,002,276	44,362	-	-	-	-	-	-	-	3,468,203	188,265	3,656,468
<i>Farming and raising livestock</i>	453,490	3,074	2,368	-	-	308	797,800	1,158,067	976,996	39,921	-	-	-	-	-	-	-	3,304,585	127,439	3,432,024
<i>Forestry</i>	6,355	491	-	-	-	-	8,458	69,258	16,478	480	-	-	-	-	-	-	-	90,875	10,645	101,520
<i>Fishing</i>	32,120	-	-	-	-	-	54,948	23,093	8,802	3,961	-	-	-	-	-	-	-	72,743	50,181	122,924
Manufacturing	15,233,218	368,360	708	-	-	31,457	99,573,886	8,556,658	13,585,312	930,554	-	-	-	-	-	-	-	77,213,596	61,066,557	138,280,153
<i>Mining</i>	348,433	-	-	-	-	-	8,677,975	251,601	405,695	40,037	-	-	-	-	-	-	-	3,437,934	6,285,807	9,723,741
<i>Production</i>	14,719,396	4,864	343	-	-	2,713	67,593,019	7,868,041	12,697,523	620,683	-	-	-	-	-	-	-	66,265,299	37,241,283	103,506,582
<i>Electric, Gas, Water</i>	165,389	363,496	365	-	-	28,744	23,302,892	437,016	482,094	269,834	-	-	-	-	-	-	-	7,510,363	17,539,467	25,049,830
Construction	11,690,100	1,965	187	-	-	516	27,047,927	3,561,813	8,748,958	1,203,809	-	-	-	-	-	-	-	30,302,595	21,952,680	52,255,275
<i>Services</i>	175,296,685	9,182,913	158,512	38,810	-	57,971,131	58,142,319	10,783,329	14,922,890	266,714	200,935	-	-	-	411	324,909	-	163,424,541	163,865,017	327,289,558
<i>Wholesale and retail trade</i>	11,003	1,685	499	-	-	-	510,310	34,146	5,301	63	-	-	-	-	-	-	-	100,978	462,029	563,007
<i>Hotel, Food and Beverage Services</i>	2,096,680	2,856	17	-	-	-	6,332,978	1,609,735	6,764,771	57,387	-	-	-	-	-	-	-	8,235,323	8,629,101	16,864,424
<i>Transportation and Telecommunication</i>	7,320,579	1,153	22,942	-	-	47,024	34,932,039	4,599,967	3,580,941	111,535	-	-	-	-	-	-	-	13,048,863	37,569,317	50,616,180
<i>Financial Institutions</i>	164,988,092	964	4,881	38,810	-	57,922,118	11,316,216	1,029,522	493,175	10,571	200,935	-	-	-	411	324,909	-	121,761,530	114,569,074	236,330,604
<i>Real Estate and renting services</i>	525,075	4	96,323	-	-	1,915	2,548,310	2,759,306	2,499,059	45,329	-	-	-	-	-	-	-	7,367,202	1,108,119	8,475,321
<i>Self-employment services</i>	-	-	-	-	-	-	108,537	15,127	-	-	-	-	-	-	-	-	-	93,359	25,305	118,664
<i>Education services</i>	346,983	1,206	64	-	-	-	1,097,950	257,970	813,192	23,925	-	-	-	-	-	-	-	2,477,516	63,774	2,541,290
<i>Health and social services</i>	8,273	9,175,045	33,786	-	-	74	1,300,979	477,556	766,451	17,904	-	-	-	-	-	-	-	10,341,770	1,438,298	11,780,068
Other	108,695,849	54,892	337,043	-	-	982	46,434,324	74,525,246	45,230,020	1,469,090	-	-	-	-	-	1,897,986	18,901,264	200,947,686	96,599,010	297,546,696
Total	311,407,817	9,611,695	498,818	38,810	-	58,004,394	232,059,662	98,677,464	83,489,456	3,914,529	200,935	-	-	-	411	2,222,895	18,901,264	475,356,621	343,671,529	819,028,150

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

- 1- Claims on sovereigns and Central Banks
- 2- Claims on regional governments or local authorities
- 3- Claims on administrative bodies and other non-commercial undertakings
- 4- Claims on multilateral development banks
- 5- Claims on international organizations
- 6- Claims on banks and intermediary institutions
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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

II. CONSOLIDATED CREDIT RISK (Continued)

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

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

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

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

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

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

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

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

II. CONSOLIDATED CREDIT RISK (Continued)

Risk balances according to risk weights

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

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

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

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

II. CONSOLIDATED CREDIT RISK (Continued)

Information According to Sectors and Counterparties

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

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

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

II. CONSOLIDATED CREDIT RISK (Continued)

Information on Changes in Value Adjustments and Credit Provisions

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

^(*)Includes effect of currency translations differences and other provisions’ classifications.

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

^(*) Includes effect of currency translations differences and other provisions’ classifications

Fair value of collateral held against impaired loans

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

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

^(**) Sureties obtained for impaired loans are presented in this raw to the extent that the amount does not exceed the amount of impaired loans.

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

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

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

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

II. CONSOLIDATED CREDIT RISK (Continued)

Exposures subject to countercyclical capital buffer

Current Period – December 31, 2021

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

Prior Period - December 31, 2020

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

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

III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK

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

The Standard Method which is also used in the legal reporting is used in measuring the currency risk of The Parent Bank.

The Parent Bank’s and all consolidated financial subsidiaries’ foreign currency assets and liabilities and the forward foreign-currency transactions are taken into consideration in calculating the capital obligation for the consolidated currency risk. The net long and short positions are calculated in Turkish Lira equivalent of the each currency. The position with the biggest absolute value is determined as the base amount for the capital obligation. The capital obligation is calculated at that amount.

The magnitude of hedging foreign currency debt instruments and net investment in foreign operations by using derivatives

As at December 31, 2021 and December 31, 2020, the Group does not have derivative financial instruments held for risk management.

Foreign exchange risk management policy

The Parent Bank manages the Turkish currency or foreign currency risks that may arise in domestic and international markets and follows the transactions that create these risks, and manages these risks at optimum levels within the framework of market expectations and within the scope of the Parent Bank’s strategies by considering the balance with other financial risks.

Sensitivity analysis regarding the currency risk that the Parent Bank is exposed to is explained in the related section III.

The effective exchange rates at the date of balance sheet and for the last five working days of the period announced by the Parent Bank in TL are as follows:

	US Dollar	Euro
The Bank’s foreign currency purchase rate at the balance sheet date	13.4000	15.20725
Foreign currency purchase rates for the days before balance sheet date:		
Day 1	13.0295	14.7554
Day 2	12.6423	14.3274
Day 3	11.8484	13.4017
Day 4	11.3701	12.8701
Day 5	11.5549	13.0821
Last 30-days arithmetical average rate	13.30998	15.03581

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Information on currency risk

Current Period- December 31, 2021	Euro	US Dollar	Other FC	Total
<i>Assets:</i>				
Cash and balances with the Central Bank of the Republic of Turkey	47,355,452	58,836,893	8,620,176	114,812,521
Banks	3,071,631	15,085,475	2,195,982	20,353,088
Financial assets at fair value through profit or loss ⁽⁷⁾	-	286,473	15,939,741	16,226,214
Interbank money market placements	-	6,914,400	-	6,914,400
Financial assets at fair value through other comprehensive income	22,291,264	65,690,460	-	87,981,724
Loans ^{(1),(2)}	119,325,375	105,662,465	125,048	225,112,888
Associates, subsidiaries and joint-ventures	3	-	-	3
Financial assets measured at amortized cost	13,735,777	11,709,066	-	25,444,843
Derivative financial assets held for risk management purpose	-	-	-	-
Tangible assets	1,258	28,796	-	30,054
Intangible assets	474	-	-	474
Other assets ⁽³⁾	1,961,599	2,679,321	7,893	4,648,813
Total assets	207,742,833	266,893,349	26,888,840	501,525,022
<i>Liabilities:</i>				
Bank deposits	7,728,829	7,693,952	819,737	16,242,518
Foreign currency deposits	117,319,289	176,162,351	31,693,506	325,175,146
Interbank money market takings	12,449,193	12,276,786	-	24,725,979
Other funding	41,364,283	46,811,894	6,753,167	94,929,344
Securities issued ⁽⁴⁾	11,018,134	62,107,787	642,574	73,768,495
Miscellaneous payables	3,618,164	1,117,774	477	4,736,415
Derivative financial liabilities held for risk management purpose	-	-	-	-
Other liabilities ⁽⁵⁾	1,424,590	4,480,573	23,226	5,928,389
Total liabilities	194,922,482	310,651,117	39,932,687	545,506,286
Net ‘on balance sheet’ position	12,820,351	(43,757,768)	(13,043,847)	(43,981,264)
Net ‘off-balance sheet’ position	(8,878,381)	46,453,550	12,990,072	50,565,241
Derivative assets ⁽⁵⁾	10,816,208	55,713,234	21,148,983	87,678,425
Derivative liabilities ⁽⁵⁾	19,694,589	9,259,684	8,158,911	37,113,184
Non-cash loans ⁽⁶⁾	49,920,167	78,318,507	2,759,525	130,998,199
Prior Period - December 31, 2020	Euro	US Dollar	Other FC	Total
Total assets	137,641,677	142,959,881	16,733,569	297,335,127
Total liabilities	125,108,632	180,127,591	22,505,131	327,741,354
Net ‘on balance sheet’ position	12,533,045	(37,167,710)	(5,771,562)	(30,406,227)
Net ‘off-balance sheet’ position	(10,700,743)	37,289,924	5,788,929	32,378,110
Derivative assets ⁽⁵⁾	10,739,105	42,735,050	6,909,282	60,383,437
Derivative liabilities ⁽⁵⁾	21,439,848	5,445,126	1,120,353	28,005,327
Non-cash loans ⁽⁶⁾	26,268,248	31,104,665	1,174,345	58,547,258

⁽¹⁾ Foreign currency indexed loans amounting to TL 522,078 (December 31, 2020: TL 538,028) which are presented in TL column in the balance sheet are included in the table above.

⁽²⁾ Foreign currency indexed factoring receivables amounted to TL 647,069 (December 31, 2020: TL 284,716) presented in TL column in the accompanying consolidated balance sheet are included.

⁽³⁾ Other Derivative Financial Instruments Currency Income Costs TL 390,124(December 31, 2020: TL 53,691), Prepaid Expenses TL 293,022(December 31, 2020: TL 179,634), 1st and 2nd stage expected loss provisions TL (59,471) (December 31, 2020: TL(24,493)), and derivative financial instruments currency expense accruals of TL 290,286 (December 31, 2020: TL 28,593), deferred tax liabilities TL 14,719 (December 31, 2020: TL 57,525), unearned income TL 296,504 (December 31,2020: TL 218,352) and shareholders' equity TL 1,970,390 (December 31, 2020: TL 1,743,740) are not taken into consideration in the currency risk calculation.

⁽⁴⁾ Subordinated loans are shown under securities issued.

⁽⁵⁾ Asset purchase commitments amounting to TL 4,512,599 (December 31, 2020: TL 468,092) and asset sales commitments amounting to TL 5,593,730(December 31, 2020: TL 5,679,004) are included.

⁽⁶⁾ Non-cash loans are not taken into consideration in the currency position account.

⁽⁷⁾ The amount in other FX consists of gold-based bonds.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

III. CONSOLIDATED FOREIGN CURRENCY EXCHANGE RISK (Continued)

Exposure to currency risk

10% depreciation of the TL against the following currencies as at and for the year ended December 31, 2021 and December 31, 2020 would have effect on consolidated equity and the consolidated profit or loss (without tax effects) by the amounts shown in the table below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

	Current Period- December 31, 2021		Prior Period- December 31, 2020	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	266,699	266,699	10,909	10,909
Euro	394,024	640,350	252,329	399,869
Other currencies	(5,378)	(5,378)	1,737	1,737
Total, net (**)	655,345	901,671	264,975	412,515

^(*) Equity effect also includes profit or loss effect of 10% devaluation of TL against related currencies.

^(**) Associates, subsidiaries and jointly controlled partnerships are included in the impact calculation for the income statement, but are not included in the impact calculation for the equity. Tangible and intangible fixed assets are not included in the currency risk effect calculations on equity and profit or loss.

10% appreciation of the TL against the following currencies as at and for the year ended December 31, 2021 and December 31, 2020 would have effect on consolidated equity and consolidated profit or loss (without tax effects) by the amounts shown in the table below.

	Current Period- December 31, 2021		Prior Period- December 31, 2020	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	(266,699)	(266,699)	(10,909)	(10,909)
Euro	(394,024)	(640,350)	(252,329)	(399,869)
Other currencies	5,378	5,378	(1,737)	(1,737)
Total, net ^(**)	(655,345)	(901,671)	(264,975)	(412,515)

^(*) Equity effect also includes profit or loss effect of 10% revaluation of TL against related currencies.

^(**) Associates, subsidiaries and jointly controlled partnerships are included in the currency risk effect calculations on profit or loss, but not in the currency risk effect calculations on equity. Tangible and intangible fixed assets are not included in the currency risk effect calculations on equity and profit or loss.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. CONSOLIDATED INTEREST RATE RISK

Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the weekly Assets-Liabilities Committee meetings taking into account the developments in market conditions.

The Parent Bank’s interest rate risk is measured by the standard method.

Measurements for standard method are carried out monthly using the maturity ladder table.

Interest rate sensitivity of assets, liabilities and off balance sheet items (Based on repricing dates)

Current Period- December 31, 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBRT	25,401,559	-	-	-	-	118,770,986	144,172,545
Banks	134,941	812,580	307,252	5	-	20,370,518	21,625,296
Financial assets at fair value through profit/loss	3,616,623	3,147	645,747	11,807,732	-	518,575	16,591,824
Interbank money market placements	-	-	3,499	-	-	6,914,400	6,917,899
Financial assets at fair value through other comprehensive income	11,534,612	9,995,171	40,768,230	67,098,989	9,534,697	21,978	138,953,677
Loans ⁽¹⁾	157,104,580	148,946,965	131,830,612	84,850,824	66,882,182	19,139,928	608,755,091
Financial assets measured at amortized cost	14,842,974	3,763,419	13,441,960	23,860,784	17,952,846	-	73,861,983
Other assets ⁽²⁾	10,442,312	8,168,845	1,494,729	783,169	2,233,791	(5,100,063)	18,022,783
Total assets	223,077,601	171,690,127	188,492,029	188,401,503	96,603,516	160,636,322	1,028,901,098
<i>Liabilities:</i>							
Bank deposits	22,314,690	9,026,003	-	-	-	1,887,223	33,227,916
Other deposits	301,949,276	90,963,725	23,174,797	2,413,723	91,591	143,988,950	562,582,062
Interbank money market takings	123,375,347	7,719,245	8,144,599	9,478,171	-	-	148,717,362
Miscellaneous payables	-	-	-	-	-	20,796,858	20,796,858
Securities issued ⁽³⁾	2,021,309	4,860,646	21,323,621	57,345,076	5,955,402	-	91,506,054
Funds borrowed	3,413,408	56,216,975	11,228,359	18,123,503	7,087,156	2,367,270	98,436,671
Other liabilities ⁽⁴⁾	1,196,457	3,700,400	1,591,568	1,031,003	2,666,436	63,448,311	73,634,175
Total liabilities	454,270,487	172,486,994	65,462,944	88,391,476	15,800,585	232,488,612	1,028,901,098
On balance sheet long position	-	-	123,029,085	100,010,027	80,802,931	-	303,842,043
On balance sheet short position	(231,192,886)	(796,867)	-	-	-	(71,852,290)	(303,842,043)
Off-balance sheet long position	3,951,650	14,297,259	-	-	-	-	18,248,909
Off-balance sheet short position	-	-	(40,287)	(699,332)	(1,786,197)	-	(2,525,816)
Net position	(227,241,236)	13,500,392	122,988,798	99,310,695	79,016,734	(71,852,290)	15,723,093

- (1) Non-performing loans are shown in the “Non-Interest Bearing” column.
- (2) Subsidiaries, associates and tangible and intangible assets, deferred tax and expected credit losses are included in “non-interest bearing” column.
- (3) Subordinated debts are shown under securities issued.
- (4) Equity is included in “Non-Interest Bearing” column in other liabilities line.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

IV. CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period- December 31, 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<i>Assets:</i>							
Cash and balances with CBRT	12,125,735	-	-	-	-	81,081,507	93,207,242
Banks	58,004	864,828	-	-	-	2,169,348	3,092,180
Financial assets at fair value through profit/loss	3,038	2,990,006	1,930,131	2,190,923	-	344,183	7,458,281
Interbank money market placements	203,259	3,330	-	-	-	-	206,589
Available-for-sale financial assets	7,787,829	5,715,566	20,595,310	41,174,425	8,636,636	18,159	83,927,925
Loans ⁽¹⁾	144,392,490	74,156,428	92,857,180	72,375,326	48,163,181	17,930,171	449,874,776
Held-to-maturity investments	21,435,614	3,920,978	11,726,453	16,327,735	5,336,472	-	58,747,252
Other assets ⁽²⁾	1,119,830	3,162,424	3,377,619	199,622	1,935,742	5,781,035	15,576,272
Total assets	187,125,799	90,813,560	130,486,693	132,268,031	64,072,031	107,324,403	712,090,517
<i>Liabilities:</i>							
Bank deposits	16,980,113	4,416,355	-	-	-	1,636,729	23,033,197
Other deposits	227,148,438	70,354,742	16,543,171	1,454,494	58,501	78,929,339	394,488,685
Interbank money market takings	84,629,165	3,262,412	6,310,789	7,109,839	-	-	101,312,205
Miscellaneous payables	-	-	-	-	-	13,669,237	13,669,237
Securities issued ⁽³⁾	2,297,746	5,016,792	12,916,833	36,381,213	9,000,737	-	65,613,321
Funds borrowed	2,369,839	30,856,762	10,897,561	5,419,524	507,370	1,637,939	51,688,995
Other liabilities ⁽⁴⁾	1,155,079	2,250,577	3,199,591	119,308	1,883,337	53,676,985	62,284,877
Total liabilities	334,580,380	116,157,640	49,867,945	50,484,378	11,449,945	149,550,229	712,090,517
On balance sheet long position	-	-	80,618,748	81,783,653	52,622,086	-	215,024,487
On balance sheet short position	(147,454,581)	(25,344,080)	-	-	-	(42,225,826)	(215,024,487)
Off-balance sheet long position	3,114,500	8,115,216	-	-	-	-	11,229,716
Off-balance sheet short position	-	-	(2,342,817)	(815,150)	(1,813,464)	-	(4,971,431)
Net position	(144,340,081)	(17,228,864)	78,275,931	80,968,503	50,808,622	(42,225,826)	6,258,285

- (1) Non-performing loans are shown in the “Non-Interest Bearing” column.
- (2) Subsidiaries, associates and tangible and intangible assets, deferred tax and expected credit losses are included in “non-interest bearing” column.
- (3) Subordinated debts are shown under securities issued.
- (4) Equity is included in “Non-Interest Bearing” column in other liabilities line.

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IV. CONSOLIDATED INTEREST RATE RISK (Continued)

Average interest rates applied to monetary financial instruments ^(*):

Current Period- December 31, 2021	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBRT	-	-	-	8.50
Banks	0.66	0.06	-	17.60
Financial assets at fair value through profit/loss	-	-	-	19.29
Interbank money market placements	-	-	-	19.50
Financial assets at fair value through other comprehensive income	3.69	3.78	-	16.22
Loans	4.77	7.24	-	16.02
Financial assets measured at amortized cost	4.59	6.34	-	12.59
	-	-	-	-
Liabilities:				
Bank deposits	0.46	0.72	-	17.69
Other deposits	0.43	1.07	-	16.13
Interbank money market takings	0.87	2.06	-	14.05
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	5.08	6.11	-	15.47
Funds borrowed	1.68	2.51	-	17.63

Prior Period - December 31, 2020	Euro	US Dollar	Yen	TL
	%	%	%	%
Assets:				
Cash and balance with CBRT	-	-	-	12.00
Banks	0.08	0.11	-	18.22
Financial assets at fair value through profit/loss	-	-	-	10.95
Interbank money market placements	-	-	-	17.70
Financial assets at fair value through other comprehensive income	3.43	3.61	-	12.38
Loans	5.02	6.16	-	13.07
Financial assets measured at amortized cost	4.60	6.27	-	10.57
	-	-	-	-
Liabilities:				
Bank deposits	1.08	1.89	-	19.64
Other deposits	1.58	2.75	-	14.76
Interbank money market takings	1.25	1.88	-	17.08
Miscellaneous payables	-	-	-	-
Securities issued ^(**)	4.04	6.07	-	14.38
Funds borrowed	1.99	2.61	-	14.50

^(*) The rates above are calculated over financial instruments with interest rates.

^(**) Subordinated debts are shown under securities issued.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

V. CONSOLIDATED STOCK POSITION RISK

Stock position risks arising from banking book items

Information on separations of risks according to objectives including their relation with gains presented in equity and strategically reasons, accounting techniques and general information about valuation methods with the related assumptions and factors that affect the valuation and significant changes

The accounting applications regarding to share investment that qualifications in associate and at fair value through profit or loss, at fair value through other comprehensive income subsidiary of are disclosed in Section 3 Note III and Note VII.

If carrying value is substantially different from fair value and for publicly traded shares if market value is substantially different from fair value, the comparison with the market prices are shown in the table below:

Current Period- December 31, 2021	Comparison		
	Carrying Value	Fair Value ^(*)	Market Value ^(*)
Stock Investments			
Stocks quoted in exchange^(*)	907,239	907,239	907,239
1.Stocks Investments Group A	876,601	876,601	876,601
2.Stock Investments Group B	30,638	30,638	30,638
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	2,429,047	2,175,410	-

^(*) The values of stocks traded in Stock Exchange are included to both columns assuming the market value is approximate to fair value.

^(**) The values of stocks unquoted in exchange are determined according to December 31, 2021 valuation reports prepared by independent valuation companies.

Prior Period - December 31, 2020	Comparison		
	Carrying Value	Fair Value ^(*)	Market Value ^(*)
Stock Investments			
Stocks quoted in exchange^(*)	675,768	675,768	675,768
1.Stocks Investments Group A	675,587	675,587	675,587
2.Stock Investments Group B	181	181	181
3.Stock Investments Group C	-	-	-
Stocks unquoted in exchange^(**)	1,557,866	1,411,145	-

^(*) The values of stocks traded in Stock Exchange are included to both columns assuming the market value is approximate to fair value.

^(**) The values of stocks unquoted in exchange are determined according to December 31, 2021 valuation reports prepared by independent valuation companies.

Total unearned gain or loss, total revaluation surplus and values included to principal and supplementary capital

Total unrealized gain or loss, total appraisal surplus and values included to principal and supplementary capital are given in the below table:

Portfolio-Current Period - December 31, 2021	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total ^(*)	Included in Supplementary Capital	Total ^(*)	Included in Supplementary Capital
			Capital		Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	1,733,817	1,733,817	-	-
4. Total	-	1,733,817	1,733,817	-	-

^(*) Amounts are presented including the effect of deferred tax.

Portfolio-Prior Period - December 31, 2020	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss	
		Total ^(*)	Included in Supplementary Capital	Total ^(*)	Included in Supplementary Capital
			Capital		Capital
1. Private Capital Investments	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-
3. Other Stocks	-	1,086,781	1,086,781	-	-
4. Total	-	1,086,781	1,086,781	-	-

^(*) Amounts are presented including the effect of deferred tax.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

V. CONSOLIDATED STOCK POSITION RISK (Continued)

Explanations on Equity Shares Risk Arising from Banking Book

Portfolio-Current Period - December 31, 2021	Carrying Value	Total RWA ^(*)	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	907,239	907,239	72,579
3.Other Stocks	2,429,047	2,297,189	183,775
4. Total	3,336,286	3,204,428	256,354

(*) In accordance with the BRSA regulation dated December 21, 2021 and numbered 9996, in the calculation of the amount subject to credit risks, simple arithmetic average of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date is taken into consideration.

Portfolio-Prior Period- December 31, 2020	Carrying Value	Total RWA	Minimum Capital Requirement
1.Private Equity Investments	-	-	-
2.Quoted	675,768	674,641	53,971
3.Other Stocks	1,557,866	1,548,254	123,860
4. Total	2,233,634	2,222,895	177,831

(*) In accordance with the BRSA regulation dated December 8, 2020 and numbered 9312, in the calculation of the amount subject to credit risks, simple arithmetic average of Central Bank's foreign currency buying rates belonging to the last 252 business days from the calculation date is taken into consideration.

VI. CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO

Liquidity risk is defined as the risk of not fulfilling payment liabilities on time as a result of not having adequate cash or cash inflow to meet the cash outflow properly due to imbalance in cash flows of the Parent Bank. The framework of liquidity risk of the Group is specified with Liquidity Risk Management Document. In the framework of liquidity risk management, policies regarding liquidity risk management are written down by Risk Management Department and fundamental principles, analyses regarding measurement and monitoring risk, basic rudiments on early warning indicators, liquidity buffer and limits are included.

The Group is managing liquidity risk according to risk capacity and the Group’s risk appetite in the range envisioned by the regulations. Liquidity risk management approach is in general based on the principle of monitoring in-day liquidity risk. The Group monitors the net liquidity position and liquidity requirements continuously and facing the future. The Group takes precautions to increase diversity in fund sources to increase effectiveness and durability in liquidity risk management. On market basis and specific to the Group (in consideration of market and funding liquidity) scenario and susceptibility analyses are performed and assumptions based on these analyses are reviewed regularly. It is aimed to protect the optimum liquidity level that can meet short – term liquidity needs not to remain inactive and maintain profitability – risk balance.

In addition to the structure specified regarding the liquidity risk management of the Group, there are also various systems and processes established by subsidiaries and affiliates. It is essential that the aforementioned systems and processes are designed in compliance with the generally accepted approaches regarding liquidity risk management and the legal regulations governing each subsidiary and affiliate. The established structures and regulations are expected to contribute to the liquidity risk management structure of the Parent Bank with all its partnerships, as well as the effective management of the liquidity risk of the subsidiaries and affiliates.

Liquidity management in the Parent Bank is carried out under Treasury Department in regard to the Parent Bank’s strategic goals and projections, decisions taken in Asset/Liability Committee, treasury policies, limits defined under market circumstances, the Parent Bank’s balance sheet and income goals and strategies defined to meet these goals. Daily, weekly, and monthly cash flow statements are prepared in accordance with principles of profitability and prudence in the Bank’s liquidity management. Cash flow statements are evaluated and the Parent Bank’s liquidity is managed in line with Treasury Department policies, daily TL and FC liquidity position Bank balance sheet and income goals.

Scenarios about where to make replacement funding in case of high amount outflows in daily liquidity management are made regularly, effects of probable outflows on liquidity level and legal ratios are evaluated and liquidity management is carried out by taking necessary actions.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VI. CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO(Continued)

Liquidity risk is defined as the risk of not fulfilling payment liabilities on time as a result of not having adequate cash or cash inflow to meet the cash outflow properly due to imbalance in cash flows of the Parent Bank. The framework of liquidity risk of the Parent Bank is specified with Liquidity Risk Management Document. In the framework of liquidity risk management, policies regarding liquidity risk management are written down by Risk Management Department and fundamental principles, analyses regarding measurement and monitoring risk, basic rudiments on early warning indicators, liquidity buffer and limits are included.

It is taken as a basis that the Parent Bank consistently monitors TL and FC liquidity positions and funding strategies. Necessary precautions are taken in line with liquidity needs by following stress circumstances. “Liquidity Emergency Action Plan” which is an important part of liquidity risk management of the Parent Bank, consists of early warning indicators which play an important role in monitoring increases in liquidity risk and the prevention of a possible crisis, action plans to prevent a possible crisis and to be applied during a crisis. Furthermore, to fulfill the banks reserve deposits liability that it has to allocate in the presence of CBRT, alternative fund sources to provide liquidity that is needed in various stress circumstances and under which circumstances to apply these sources, precautions to minimize time maturity mismatch and provide necessary funds on time, how the mechanism is going to operate in cases of crisis and stress is included in the plan.

In line with the Covid-19 outbreak, which caused a serious slowdown in global and regional economic activities, liquidity adequacy is constantly monitored through stress tests and scenario analyzes. It is observed that the impact of the Covid-19 outbreak on the Parent Bank's liquidity adequacy is limited.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

VI. CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

In accordance with the "Regulation on the Calculation of the Liquidity Coverage Ratio of Banks" published in the Official Gazette dated 21 March 2014 and numbered 28948, the highest and lowest values of the Bank's Liquidity Coverage Ratio calculated weekly for the last three months and the weeks when these values were observed are given in the table below. In accordance with the related regulation, consolidated and non-consolidated total and foreign currency minimum liquidity coverage ratios are determined as one hundred percent and eighty percent, respectively.

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	October 2021	132.23	November 2021	273.14
The highest value	December 2021	161.33	October 2021	368.89

Liquidity Coverage Ratio

Current Period- December 31, 2021		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			179,928,821	128,428,918
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	251,766,629	144,226,722	23,061,501	14,422,672
3	Stable deposits	42,303,253	-	2,115,163	-
4	Less stable deposits	209,463,376	144,226,722	20,946,338	14,422,672
5	Unsecured wholesale funding, of which:	271,766,414	135,592,521	115,934,247	55,244,647
6	Operational deposits	176,062,029	89,894,415	44,015,507	22,473,604
7	Non-operational deposits	63,757,843	32,017,125	40,082,844	19,199,738
8	Unsecured debt	31,946,542	13,680,981	31,835,896	13,571,305
9	Secured wholesale funding			-	-
10	Additional requirements of which:	34,706,198	14,219,227	34,706,197	14,219,228
11	Outflows related to derivative exposures and other collateral requirements	34,636,637	14,219,227	34,636,636	14,219,228
12	Outflows related to loss of funding on debt products	69,561	-	69,561	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	58,301,245	52,448,818	2,915,062	2,622,441
15	Other contingent funding obligations	157,426,522	52,740,033	12,870,440	4,234,748
16	TOTAL CASH OUTFLOWS			189,487,447	90,743,736
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Inflows from fully performing exposures	38,086,783	17,038,593	28,719,072	13,830,975
19	Other cash inflows	36,755,265	36,164,775	36,755,265	36,164,775
20	TOTAL CASH INFLOWS	74,842,048	53,203,368	65,474,337	49,995,750
Upper Limit Applied Values					
21	TOTAL HQLA			179,928,821	128,428,918
22	TOTAL NET CASH OUTFLOWS			124,013,110	40,747,986
23	LIQUIDITY COVERAGE RATIO (%)			144.44	331.34

(*) Simple arithmetic average, calculated for the last three months, of the values calculated by taking monthly simple arithmetic average.

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VI. CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

Liquidity Coverage Ratio	TL+FC		FC	
	DATE	RATIO (%)	DATE	RATIO (%)
The lowest value	November 2020	121.00	October 2020	232.42
The highest value	December 2020	127.06	December 2020	363.42

Liquidity Coverage Ratio

Prior Period- December 31, 2020		Total unweighted value *		Total weighted value*	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	Total High Quality Liquid Assets (HQLA)			124,139,266	86,488,287
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	177,793,395	93,982,622	15,991,053	9,398,262
3	Stable deposits	35,765,722	-	1,788,286	-
4	Less stable deposits	142,027,673	93,982,622	14,202,767	9,398,262
5	Unsecured wholesale funding, of which:	219,427,897	88,274,025	89,170,218	35,593,402
6	Operational deposits	124,282,602	51,955,173	31,070,650	12,988,793
7	Non-operational deposits	79,063,650	30,500,132	42,133,982	16,851,778
8	Unsecured debt	16,081,645	5,818,720	15,965,586	5,752,831
9	Secured wholesale funding			-	-
10	Additional requirements of which:	20,433,625	8,840,396	20,433,624	8,840,397
11	Outflows related to derivative exposures and other collateral requirements	20,433,625	8,840,396	20,433,624	8,840,397
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	-	-	-	-
14	Other contractual funding obligations	41,920,581	37,645,861	2,096,029	1,882,293
15	Other contingent funding obligations	107,318,888	28,513,474	8,906,811	2,150,667
16	TOTAL CASH OUTFLOWS			136,597,735	57,865,021
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Inflows from fully performing exposures	28,064,091	8,659,272	16,992,522	6,045,266
19	Other cash inflows	19,642,443	19,520,248	19,642,443	19,520,248
20	TOTAL CASH INFLOWS	47,706,534	28,179,520	36,634,965	25,565,514
Upper Limit Applied Values					
21	TOTAL HQLA			124,139,266	86,488,287
22	TOTAL NET CASH OUTFLOWS			99,962,770	32,299,507
23	LIQUIDITY COVERAGE RATIO (%)			124.27	278.08

(*) Simple arithmetic average, calculated for the last three months, of the values calculated by taking monthly simple arithmetic average.

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VI. CONSOLIDATED LIQUIDITY RISK AND LIQUIDITY COVERAGE RATIO (Continued)

With the “Liquidity Coverage Rate” which is prepared under the framework of “Regulations Regarding Banks’ Calculations of Liquidity Coverage Rate” published by BRSA, the balance between banks’ net cash outflows and high quality liquid asset stock.

The Group’s high quality liquid asset stock consists of cash and debt instruments issued by CBRT and Ministry of Treasury and Finance of the Republic of Turkey.

Whereas the Group’s important fund sources are deposits, funds obtained from other financial institutions, securities issued and funds obtained from repo transactions.

Derivatives transactions with 30 or less days to maturity are included into liquidity coverage calculation with cash outflows created by the transactions as of the calculated liquidity coverage rate. In case of a liability resulting from derivatives transactions and security fulfillment liability resulting from other liabilities, actions are taken accordingly to the related regulation.

Maturity analysis of assets and liabilities according to remaining maturities:

Current Period – December 31, 2021	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (*)	Total
Assets:								
Cash and balance with CBRT	144,172,545	-	-	-	-	-	-	144,172,545
Banks	20,370,518	134,941	812,580	307,252	5	-	-	21,625,296
Financial assets at fair value through profit/loss	62,619	3,616,623	3,147	645,747	11,807,732	-	455,956	16,591,824
Interbank money market placements	-	-	6,914,400	3,499	-	-	-	6,917,899
Financial assets at fair value through other comprehensive	-	560,129	1,190,108	25,824,012	87,721,407	23,636,043	21,978	138,953,677
Loans	-	56,477,962	28,868,818	112,391,210	225,347,693	166,529,480	19,139,928	608,755,091
Financial assets measured at amortized cost	-	268,061	556,255	4,429,076	41,947,547	26,661,044	-	73,861,983
Other assets (**)	712,523	12,011,698	2,761,727	1,096,723	5,513,121	7,139,198	(11,212,207)	18,022,783
Total assets	165,318,205	73,069,414	41,107,035	144,697,519	372,337,505	223,965,765	8,405,655	1,028,901,098
Liabilities:								
Bank deposits	1,887,223	22,314,690	9,026,003	-	-	-	-	33,227,916
Other deposits	145,837,176	300,291,311	90,673,571	23,266,226	2,422,187	91,591	-	562,582,062
Funds borrowed	-	2,731,117	5,471,146	30,909,525	39,841,323	19,483,560	-	98,436,671
Interbank money market takings	-	121,357,837	5,638,915	9,665,385	11,813,392	241,833	-	148,717,362
Securities issued (***)	-	1,451,509	3,615,315	18,367,059	57,008,782	11,063,389	-	91,506,054
Miscellaneous payables	61,698	12,139,449	28,479	239	1,503,334	-	7,063,659	20,796,858
Other liabilities	249,213	1,047,824	3,603,732	1,130,812	1,337,593	3,228,899	63,036,102	73,634,175
Total liabilities	148,035,310	461,333,737	118,057,161	83,339,246	113,926,611	34,109,272	70,099,761	1,028,901,098
Liquidity gap	17,282,895	(388,264,323)	(76,950,126)	61,358,273	258,410,894	189,856,493	(61,694,106)	-
Net Off Balance Sheet Position	-	8,067,835	938,244	328,206	3,720,350	4,262,132	-	17,316,767
Receivables from Derivative Financial Instruments	-	59,643,827	9,532,720	17,848,520	28,260,382	68,052,584	-	183,338,033
Payables from Derivative Financial Instruments	-	51,575,992	8,594,476	17,520,314	24,540,032	63,790,452	-	166,021,266
Non-cash Loans	79,337,989	13,223,627	22,155,655	45,704,404	29,669,939	3,162,907	201,405	193,455,926

Prior Period – December 31, 2020	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (*)	Total
Total assets	95,802,799	42,992,198	24,151,505	73,586,299	306,178,211	149,587,107	19,792,398	712,090,517
Total liabilities	81,773,050	340,994,057	86,429,577	59,239,118	59,021,427	26,675,223	57,958,065	712,090,517
Liquidity gap	14,029,749	(298,001,859)	(62,278,072)	14,347,181	247,156,784	122,911,884	(38,165,667)	-
Net Off Balance Sheet Position	808	(659,733)	305,798	821,162	1,407,502	1,798,650	-	3,674,187
Receivables from Derivative Financial Instruments	75,355	29,648,900	12,779,335	23,015,139	10,104,711	41,554,516	-	117,177,956
Payables from Derivative Financial Instruments	74,547	30,308,633	12,473,537	22,193,977	8,697,209	39,755,866	-	113,503,769
Non-cash Loans	47,324,566	4,613,173	8,968,987	20,835,395	18,312,108	2,183,360	238,613	102,476,202

(1) Subsidiaries, associates and tangible and intangible assets and deferred tax asset are stated in undistributed column.

(2) Subordinated debt are shown under securities issued.

(3) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed assets, associates and subsidiaries, stationery, pre-paid expenses and non-performing loans are shown in this column

(4) Expected loss provisions for financial assets are shown under the undistributed column of Other Assets.

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VII. CONSOLIDATED LEVERAGE RATIO

Information on Issues that Cause Differences between Current Period and Previous Period Leverage Ratios

The Group’s consolidated leverage rate which is calculated due to “Regulation on Banks’ Measurement and Evaluation of Leverage Level” actualised as %5.56. Increase in balance sheet assets and off-balance sheet transactions resulted in change on leverage rate compared to previous period (December 31, 2020: %6.82). The Regulation adjudicated minimum leverage rate as 3%.

Summary comparison table of the total risk amount and the total asset amount in the consolidated financial statements prepared as per TAS

	Current Period-December 31, 2021	Prior Period-December 31, 2020
Total asset amount in the consolidated financial statements prepared as per TAS (1)	742,724,824	712,313,146
The difference between the total asset amount in the consolidated financial statements prepared as per TAS and the asset amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks (1)	329,808	222,629
The difference between the derivative financial instruments and the loan derivatives amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts (2)	(10,885,286)	(11,992,729)
The difference between the financial transactions with securities or goods warranty amounts in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts (2)	89,661,506	43,844,131
The difference between the off-balance sheet transactions amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts (2)	81,676,710	74,689,025
Other differences between the amount in the consolidated financial statements prepared as per the Communiqué on the Preparation of the Consolidated Financial Statements of Banks and the risk amounts (2)	(343,722,492)	(258,558,222)
Total risk amount	929,605,757	843,665,167

- (1) The balances at the end of June 30, 2021 and December 31, 2020 prepared in accordance with Article 5, paragraph 6, of the Communiqué on the Preparation of the Consolidated Financial Statements of the Banks are included.
- (2) The balances in the table represent the average of three months.

Leverage ratio common disclosure template

	Current Period -December 31, 2021 (*)	Prior Period-December 31, 2020(*)
On-balance sheet exposures		
1. On-balance sheet items (excluding derivatives and SFTs; including collateral)	936,780,229	689,857,937
2. Assets deducted in determining Basel III Tier 1 capital	(478,249)	(456,602)
3. Total on-balance sheet exposures (excluding derivatives and SFTs)	936,301,980	689,401,335
Derivative exposures		
4. Replacement cost	18,000,876	10,505,184
5. Add-on amount	2,286,605	1,487,545
6. Total derivative exposures	20,287,481	11,992,729
Securities financing transaction exposures		
7. Gross SFT assets (with no recognition of accounting netting)	12,360,212	7,922,416
8. Agent transaction exposures	-	-
9. Total securities financing transaction exposures	12,360,212	7,922,416
Other off-balance sheet exposures		
10. Off-balance sheet exposures with gross nominal amount	338,555,893	208,974,369
11. Adjustment amount off-balance sheet exposures with credit conversion factor	(103,938,729)	(74,625,681)
12. Total off-balance sheet exposures	234,617,164	134,348,688
Capital and total exposures		
13. Tier 1 capital	66,554,350	57,536,426
14. Total exposures	1,203,566,837	843,665,168
Leverage ratio		
15. Leverage ratio	5.56	6.82

(*) Calculated by using three month average of balances in Leverage Rate Notification table.

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VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Current Period - December 31, 2021	Carrying Value	Fair Value
Financial Assets:		
Receivables from Interbank Money Markets	6,917,899	6,917,899
Banks	21,625,296	21,625,296
Financial Assets at Fair Value through Profit or Loss	16,591,824	16,591,824
Financial Assets at Fair Value through Other Comprehensive Income	138,953,677	138,953,677
Assets Measured at Amortised Cost	73,861,983	77,492,786
Loans	608,755,091	604,403,844
Financial Liabilities:		
Bank Deposits	33,227,916	33,227,916
Other Deposits	562,582,062	561,913,129
Funds Borrowed	98,436,671	98,101,000
Marketable Securities	62,537,627	62,573,790
Subordinated Loans	28,968,427	28,990,293

Prior Period- December 31, 2020	Carrying Value	Fair Value
Financial Assets:		
Receivables from Interbank Money Markets	206,589	206,589
Banks	3,092,180	3,092,180
Financial Assets at Fair Value through Profit or Loss	7,458,281	7,458,281
Financial Assets at Fair Value through Other Comprehensive Income	83,927,925	83,927,925
Assets Measured at Amortised Cost	58,747,252	61,125,697
Loans	449,874,776	446,393,626
Financial Liabilities:		
Bank Deposits	23,033,197	23,033,197
Other Deposits	394,488,685	395,812,966
Funds Borrowed	51,688,995	51,760,302
Marketable Securities	46,154,523	46,210,773
Subordinated Loans	19,458,798	19,481,535

Fair values of available-for-sale financial assets and held-to-maturity investments are derived from market prices or in case of absence of such prices they are derived from prices of other marketable securities, whose interest rate, maturity date and other conditions are similar to securities held.

Fair value of loans are calculated by discounting future cash flows with the use of current market interest rates.

Fair value of funds borrowed with fixed interest rate are calculated by discounting cash flows with current market interest rates. Fair value of funds borrowed with floating interest rate is calculated according to repricing period by discounting cash flows with current market rates.

Fair value of other assets and liabilities is calculated by adding accumulated acquisition costs and the sum of the interest accrual.

Classification of Fair Value Measurement

IFRS 7 - Financial Instruments requires the classification of fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring fair value of financial instruments measured at fair value to be disclosed. This classification basically relies on whether the relevant inputs are observable or not. Observable inputs refer to the use of market data obtained from independent sources, whereas unobservable inputs refer to the use of predictions and assumptions about the market made by the Company. This distinction brings about a fair value measurement classification generally as follows:

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VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Classification requires using observable market data if possible.

The classification of fair value measurements of financial assets and liabilities measured at fair value is as follows:

Current Period-December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	474,794	15,939,741	177,289	16,591,824
Debt securities	118,890	15,939,741	-	16,058,631
Equity securities	318,988	-	169,483	488,471
Other financial assets	36,916	-	7,806	44,722
Financial assets at fair value through other comprehensive income	129,874,442	9,071,989	7,246	138,953,677
Government debt securities	127,138,430	8,798,400	-	135,936,830
Equity securities	14,732	-	7,246	21,978
Other financial assets	2,721,280	273,589	-	2,994,869
Derivative financial assets at fair value through profit or loss	-	21,246,426	-	21,246,426
Investments in affiliates and subsidiaries	588,251	-	1,992,295	2,580,546
Total Financial Assets	130,937,487	46,258,156	2,176,830	179,372,473
Financial liabilities at fair value through profit/loss:	-	-	-	-
Derivative financial liabilities at fair value through profit or loss	-	(5,490,278)	-	(5,490,278)
Total Financial Liabilities	-	(5,490,278)	-	(5,490,278)

(*) Fair values of the subsidiaries with fair values that are observable and not based on market data is calculated by independent valuation institutions using various methods (discounted cash flows and dividend method, adjusted net asset value method, peer comparison, realized company acquisitions and mergers). Depending on the changes in the assumptions used by independent valuation institutions in determining the fair value, the carrying value of the subsidiaries and affiliates may change.

Prior Period- December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit/loss:	288,388	7,000,000	169,893	7,458,281
Debt securities	110,576	7,000,000	-	7,110,576
Equity securities	162,165	-	169,482	331,647
Other financial assets	15,647	-	411	16,058
Financial assets at fair value through other comprehensive income	83,334,603	589,294	4,028	83,927,925
Government debt securities	81,506,602	-	-	81,506,602
Equity securities	14,131	-	4,028	18,159
Other financial assets	1,813,870	589,294	-	2,403,164
Derivative financial assets at fair value through profit or loss	-	8,740,985	-	8,740,985
Investments in affiliates and subsidiaries	513,604	-	1,228,032	1,741,636
Total Financial Assets	84,136,595	16,330,279	1,401,953	101,868,827
Financial liabilities at fair value through profit/loss:	-	-	-	-
Derivative financial liabilities at fair value through profit or loss	-	(6,083,301)	-	(6,083,301)
Total Financial Liabilities	-	(6,083,301)	-	(6,083,301)

(*) Fair values of the subsidiaries with fair values that are observable and not based on market data is calculated by independent valuation institutions using various methods (discounted cash flows and dividend method, adjusted net asset value method, peer comparison, realized company acquisitions and mergers). Depending on the changes in the assumptions used by independent valuation institutions in determining the fair value, the carrying value of the subsidiaries and affiliates may change.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

VIII. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (Continued)

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy as at and for the year ended December 31, 2021 is as follows:

	Current Period - December 31, 2021	Prior Period- December 31, 2020
Level 3		
Balance at the beginning of the year	1,401,953	1,161,477
Total gains or losses for the year recognized in profit or loss	-	-
Total gains or losses for the year recognized under equity	774,877	240,476
Balance at the end of the year	2,176,830	1,401,953

IX. TRANSACTIONS CARRIED OUT ON BEHALF OF CUSTOMERS, ITEMS HELD IN TRUST

The Parent Bank provides buying, selling and custody services and management and advisory services in financial matters for its customers. The Group is not involved in trust activities.

X. CONSOLIDATED SEGMENT REPORTING

The Group operates in corporate, commercial, small business, retail, treasury and investment banking. Accordingly, the banking products served to customers are; time and demand deposit, accumulating account, repos, overdraft facilities, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, overdraft facilities, gold loans, foreign currency loans, Eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfaiting, leasing, insurance, forward, futures, salary payments, investment account, cheques, safety boxes, bill payments, tax collections, payment orders.

The Group provides service packages to its corporate, commercial and retail customers including deposit, loans, foreign trade transactions, investment products, cash management, leasing, factoring, insurance, credit cards, and other banking products. A customer-oriented branch network has been built in order to serve customers’ needs effectively and efficiently.

Additionally, the Group provides “small business” banking service to enterprises in retail and service sectors. Products include overdraft accounts, POS machines, credit cards, cheque books, TL and foreign currency deposits, investment accounts, internet banking and call-center, debit card, and bill payment.

Retail banking customers form a wide-spread and sustainable deposit base for the Parent Bank. Individual customers’ needs are met by diversified consumer banking products through branches and alternative delivery channels.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

X. CONSOLIDATED SEGMENT REPORTING (Continued)

Major financial statement items according to business lines:

Current Period- December 31, 2021	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	14,232,802	31,550,127	27,504,987	29,130	73,317,046
Interest Expense	12,657,285	17,742,731	22,500,142	91,463	52,991,621
Net Interest Income/Losses(Net)	1,575,517	13,807,396	5,004,845	(62,333)	20,325,425
Net Fees and Commissions Income	1,069,526	2,831,077	355,215	-	4,255,818
Trading Income/ Losses (Net)	-	-	23,394	-	23,394
Dividend Income	-	-	(4,254,115)	-	(4,254,115)
Other Income	-	-	-	8,575,813	8,575,813
Allowance for Expected Credit Losses	-	-	-	12,667,748	12,667,748
Other Expenses	-	-	-	9,729,418	9,729,418
Based on Equity Method	-	-	93,677	-	93,677
Profit Before Taxes	2,645,043	16,638,473	1,223,016	(13,883,686)	6,622,846
Provision for taxes	-	-	-	-	(1,287,150)
Net Profit/ Loss	-	-	-	-	5,335,696
Segment Assets	128,072,758	354,478,813	515,448,627	28,075,063	1,026,075,261
Subsidiaries and Associates (Net)	-	-	2,825,837	-	2,825,837
TOTAL ASSETS	128,072,758	354,478,813	518,274,464	28,075,063	1,028,901,098
Segment Liabilities	247,651,905	320,011,164	373,266,181	33,771,820	974,701,070
Equity	-	-	-	54,200,028	54,200,028
TOTAL LIABILITIES	247,651,905	320,011,164	373,266,181	87,971,848	1,028,901,098

Prior Period- December 31, 2021	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
OPERATING INCOME/ EXPENSES					
Interest Income	10,028,402	21,925,597	16,025,982	22,040	48,002,021
Interest Expense	6,524,940	9,754,656	11,233,147	94,716	27,607,459
Net Interest Income/Losses(Net)	3,503,462	12,170,941	4,792,835	(72,676)	20,394,562
Net Fees and Commissions Income	716,192	2,005,118	262,770	-	2,984,080
Trading Income/ Losses (Net)	-	-	17,633	-	17,633
Dividend Income	-	-	(2,336,832)	-	(2,336,832)
Other Income	-	-	-	7,190,168	7,190,168
Allowance for Expected Credit Losses	1,597,641	9,207,953	990,767	109,229	11,905,590
Other Expenses	-	-	-	8,421,429	8,421,429
Based on Equity Method	-	-	62,032	-	62,032
Profit Before Taxes	2,622,013	4,968,106	1,807,671	(1,413,166)	7,984,624
Provision for taxes	-	-	-	-	(1,577,244)
Net Profit/ Loss	2,622,013	4,968,106	1,807,671	(2,990,410)	6,407,380
Segment Assets	109,522,550	258,141,374	321,544,217	20,998,548	710,206,689
Subsidiaries and Associates (Net)	-	-	1,883,828	-	1,883,828
TOTAL ASSETS	109,522,550	258,141,374	323,428,045	20,998,548	712,090,517
Segment Liabilities	159,193,919	238,791,161	245,217,084	21,736,266	664,938,430
Equity	-	-	-	47,152,087	47,152,087
TOTAL LIABILITIES	159,193,919	238,791,161	245,217,084	68,888,353	712,090,517

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT

The footnotes and related explanations published in the Official Gazette No. 29511 dated October 23, 2015 and prepared in accordance with the “Explanations Communiqué on Explanations to the Public Regarding Banks Risk Management” entered into force as of March 31, 2016 are given in this section. Since the Group uses a standardized approach to capital adequacy calculations, there is no disclosure within the scope of the internal rating-based approach.

In the face of sudden and unexpected changes that may arise regarding macroeconomic indicators and Bank-specific situations; Bank, reveals the risks that may be exposed such as income / expense effect, capital loss, economic value change, liquidity adequacy through various reports and stress tests conducted daily, weekly and monthly. The possible effects on the Bank’s equity and capital adequacy ratios and liquidity adequacy level are closely monitored.

The development of the risk culture by the Parent Bank in parallel with the changes in economic conjuncture and risk perception is considered as an important factor, and it aims to provide risk awareness and sensitivity in the actions to be taken. In this direction, the training given to the personnel, risk measurements and reporting, risk reporting to the Board of Directors, Senior Management and committees, the risk appetite framework created by the Parent Bank and the internal capital adequacy assessment process make a significant contribution to the dissemination of the risk culture.

1. Information on Risk Management and Overview of Risk Weighted Amounts

Risk Management Strategy

The Group manages assets and values which are entrusted to it effectively and efficiently in order to increase the constant contribution to customers, shareholders and the society. The Group adopted the forward looking risk based approach in all activities undertaken by creating assets in a high quality and managing obligations well. Generating the systems and processes of risk management and observation of its effectiveness are structured in the responsibility of Board of Directors. Current risk profile of the bank defines the all the internal and external important risks arises from the operating environment, the regulatory or economic environment. These risks defined on the console and non-console level are managed with policies and implementation procedures approved by the Bank's Board of Directors. To achieve this, Risk Management Department working under the Audit Committee, Inspection Board Department and Internal Control Department are working in coordination with all the departments at the same time.

Risk management strategy of the Group is basically to avoid legal risks and risks which are unlikely to occur but have a huge impact, to take measures to minimize the risks (to reduce risks) that may arise due to the nature of banking activities, to purchase protection, insurance or techniques such as credit derivatives in order to transfer risks to the third parties (transfer of risk) and the acceptance of risks that are unlikely to occur and have small impact.

Within the scope of the general principles and principles observed by The Group in the context of risk management, the internal capital adequacy assessment process (İSEDES) is established in parallel with the budgeting process to determine the internal capital targets consistent with the risk profile and the activity environment and the effects of scenario outcomes on the Group projections is evaluated.

As a part of risk appetite structure, risk limits are set and over-limit exemptions and early warning levels are observed/followed. The Parent Bank's risk level is limited to the limits consistent with risk appetite. Risk limits are determined in accordance with the size and complexity of the Parent Bank's risk levels, activities, products and services. The limits are reviewed regularly according to market conditions, the Bank's strategy and the risk appetite and updated when necessary. In addition to the limits, early warning levels indicating that the limits are approached are also determined. If the limit levels are approached or exceeded, the relevant units take the necessary actions.

The risks may arise from the new products and services and effects of these risks are analyzed. For the quantification of quantifiable risks and the qualitative evaluation of non-quantifiable. Effective and applicable systems which are compatible with the Parent Bank's product range and fields of activity are developed.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

In response to the sudden and unexpected changes in the macroeconomic indicators and the Group’s specific circumstances, the risks the can be exposed to such as income/expenditure effect, capital loss, economic value change , liquidity adequacy are presented by various reports and stress tests conducted daily ,weekly, monthly and annually. These reports and stress tests play an active role in the process of making decisions in the context of risk based approach. Risks subject to stress tests contains all the risks related to the Group’s risk group (on the consolidated balance sheet – off the consolidated balance sheet).These risks are subject to stress test applications independently, and can be subject to stress test applications in an integrated way taking into account interactions between them.

Risks which are subject to stress test applications can be evaluated on portfolio and activities basis, consolidated and non – consolidated basis, at specific and general levels. Specific stress test applications are performed with sensitivity and scenario analysis specific to particular portfolio and activity. General stress test applications are established to ensure that Group’s risks are seen in an integrated perspective. Relations between risks are taken into account by the correlation effect and relations between portfolios are considered with diversification effect. Furthermore in addition to stress tests, reverse stress tests that enable us to evaluate which risk factors and which risk concentrations causes significant loss indicators designed from the outset are conducted.

The Risk Management Department uses the methods appropriate to national legislation and international practices to evaluate and monitor the developments in risks, to take necessary measures, to establish risk limits, to stay within the specified limits, and to perform the necessary analysis, measurement and reporting.

The development of risk culture in parallel with the changes in the economic conjuncture and risk perception is an important element of the Bank and aims to ensure risk awareness and sensitivity in the actions to be taken. In this respect, training programs, risk measurements and reports provided to the Board of Directors, Senior Management and risk reporting to the committees, the Bank's risk appetite framework and internal capital adequacy assessment process make a significant contribution to the dissemination of risk culture.

Risk weighted amounts

	Risk Weighted Amount		Minimum Capital Requirements
	Current Period-December 31, 2021	Prior Period -December 31, 2020	Current Period-December 31, 2021
1 Credit Risk (excluding counterparty credit risk) ^(*)	505,046,417	371,215,705	40,403,713
2 Standardised approach	505,046,417	371,215,705	40,403,713
3 Internal rating based approach	-	-	-
4 Counterparty Credit Risk	9,789,165	12,072,413	783,133
5 Standardised approach for counterparty credit risk	9,789,165	12,072,413	783,133
6 Internal model method	-	-	-
7 Equity position in banking book under basic risk weighting or internal rating based	-	-	-
8 Equity investments in funds - look-through approach	7,806	411	624
9 Equity investments in funds - mandate-based approach	-	-	-
10 Equity investments in funds - 1250% weighted risk approach	-	-	-
11 Settlement Risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory formula approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
16 Market risk	9,769,976	3,427,699	781,598
17 Standardised approach	9,769,976	3,427,699	781,598
18 Internal model approaches	-	-	-
19 Operational Risk	32,231,733	25,510,114	2,578,539
20 Basic Indicator Approach	32,231,733	25,510,114	2,578,539
21 Standardised approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amounts below the thresholds for deduction from capital (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	556,845,097	412,226,342	44,547,608

(*) Amounts below the equity deduction thresholds and investments in KYK are excluded.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT
(Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Linkages between Financial statements and Regulatory Exposures

a) Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

Current Period- December 31, 2021	Carrying values as reported in published financial statements	Carrying values of items (according to TAS)				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitization	Subject to market risk	
Assets						
Cash and balances at central bank	144,172,545	144,172,545	-	-	-	-
Banks	21,625,296	21,625,296	-	-	-	-
Receivables from Money Markets	6,917,899	-	6,917,899	-	-	-
Financial assets at fair value through profit or loss	16,591,824	463,762	-	-	188,322	-
Financial assets at fair value through other comprehensive income	138,953,677	138,953,677	75,043,394	-	-	-
Financial assets measured at amortised cost	73,861,983	73,861,983	57,188,376	-	-	-
Derivative financial assets	21,246,426	-	21,246,426	-	425,540	-
Non-performing financial assets	19,139,928	19,139,928	-	-	-	-
Allowance for expected credit losses (-)	(26,617,393)	(14,513,660)	-	-	-	(12,103,733)
Loans (Net)	589,615,163	589,625,956	-	-	-	(10,793)
Non-Currents Assets Or Disposal Groups "Held For Sale"						
And "From Discontinued Operations (Net)	755,253	755,253	-	-	-	-
Investments in associates (Net)	2,306,548	2,306,548	-	-	-	-
Leasing receivables	519,289	519,289	-	-	-	-
Investments in subsidiaries (Net)	-	-	-	-	-	-
Tangible Assets (Net)	4,141,051	4,325,504	-	-	-	(184,453)
Intangible Assets And Goodwill (Net)	299,405	-	-	-	-	(299,405)
Investment properties (net)	972,154	-	-	-	-	-
Currents Tax Assets (Net)	-	-	-	-	-	-
Deferred Tax Assets	72,767	72,767	-	-	-	-
Other assets	14,327,283	14,373,334	-	-	-	(46,051)
Total assets	1,028,901,098	995,682,182	160,396,095	-	613,862	(12,644,435)
Liabilities						
Deposits	595,809,978	-	-	-	-	595,809,978
Loans Received	98,436,671	-	-	-	-	98,436,671
Money Market Funds	148,717,362	-	142,091,998	-	-	6,625,364
Marketable Securities (Net)	62,537,627	-	-	-	-	62,537,627
Funds	3,005	-	-	-	-	3,005
Financial Liabilities At Fair Value Through Profit Or Loss	-	-	-	-	-	-
Derivative Financial Liabilities	5,490,278	-	5,490,278	-	426,764	-
Factoring Payables	7,309	-	-	-	-	7,309
Lease Payables	958,593	-	-	-	-	958,593
Provisions	3,955,116	-	-	-	-	3,955,116
Current Tax Liabilities	1,100,367	-	-	-	-	1,100,367
Deferred Tax Assets	14,719	-	-	-	-	14,719
Liabilities Related to Non-Current Assets "Held for Sale" and "Discontinued Operations" (Net)	-	-	-	-	-	-
Subordinated debts	28,968,427	-	-	-	-	28,968,427
Other Liabilities	28,701,618	-	-	-	-	28,701,618
Shareholders' Equity	54,200,028	-	-	-	-	54,200,028
Total liabilities	1,028,901,098	-	147,582,276	-	426,764	881,318,822

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(Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Linkages between Financial statements and Regulatory Exposures (Continued)

a) Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (Continued)

Prior Period - December 31, 2020	Carrying values as reported in published financial statements	Carrying values of items (according to TAS)				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitization	Subject to market risk	
Assets						
Cash and balances at central bank	93,207,242	93,207,242	-	-	-	-
Financial assets held for trading	3,092,180	3,092,180	-	-	-	-
Financial assets designated at fair value through profit or loss	206,589	-	206,576	-	13	-
Banks	7,458,281	330,930	-	-	-	-
Receivables from money markets	83,927,925	83,813,823	25,744,884	-	114,102	-
Available for sale financial assets (net)	58,747,252	58,747,252	38,158,427	-	-	-
Loans and receivables	8,740,985	-	8,740,985	-	254,068	-
Factoring receivables	17,930,171	17,930,171	-	-	-	-
Held to maturity investments (net)	(22,154,960)	(13,691,300)	-	-	-	(8,463,660)
Investments in associates (net)	431,944,605	431,955,717	-	-	-	(11,112)
Investments in subsidiaries (net)	1,256,254	1,256,254	-	-	-	-
Investments in joint ventures (net)	1,495,977	1,495,977	-	-	-	-
Leasing receivables	387,851	387,851	-	-	-	-
Derivative financial assets held for hedges	-	-	-	-	-	-
Tangible assets (net)	4,896,410	5,083,561	-	-	-	(187,151)
Intangible assets (net)	274,124	-	-	-	-	(274,124)
Investment properties (net)	502,143	-	-	-	-	-
Tax assets	-	-	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	1,234,832	1,234,832	-	-	-	-
Other assets	18,942,656	19,067,081	-	-	-	(124,425)
Total assets	712,090,517	703,911,571	72,850,872	-	368,183	(9,060,472)
Liabilities						
Deposits	417,521,882	-	-	-	-	417,521,882
Derivative financial liabilities held for trading	51,688,995	-	-	-	-	51,688,995
Loans	101,312,205	-	56,956,105	-	-	44,356,100
Debt to money markets	46,154,523	-	-	-	-	46,154,523
Debt securities in issue	3,053	-	-	-	-	3,053
Funds	-	-	-	-	-	-
Various debts	6,083,301	-	6,083,301	-	251,958	-
Other liabilities	672	-	-	-	-	672
Factoring debts	978,735	-	-	-	-	978,735
Debts from leasing transactions	3,050,397	-	-	-	-	3,050,397
Derivative financial liabilities held for hedges	954,805	-	-	-	-	954,805
Provisions	57,628	-	-	-	-	57,628
Tax liability	-	-	-	-	-	-
Liabilities included in disposal groups classified as held for sale (net)	19,458,798	-	-	-	-	19,458,798
Subordinated debts	17,673,436	-	-	-	-	17,673,436
Equity	47,152,087	-	-	-	-	47,152,087
Total liabilities	712,090,517	-	63,039,406	-	251,958	649,051,111

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

b) Main sources of differences between regulatory exposure amounts and carrying values in financial statements

Current Period- December 31, 2021		Total	Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk
1	Asset carrying value amount under scope of regulatory consolidation	1,016,256,663	995,682,182	-	160,396,095	613,862
2	Liabilities carrying value amount under regulatory scope of consolidation	147,582,276	-	-	147,582,276	426,764
3	Total net amount under regulatory scope of consolidation	868,674,387	995,682,182	-	12,813,819	187,098
4	Off-balance sheet amounts	283,597,671	102,251,725	-	8,233,240	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	122,857,259	-
10	Exposure amounts considered for regulatory	868,674,387	1,097,933,907	-	131,090,499	187,098

Prior Period- December 31, 2020		Total	Items subject to credit risk	Items subject to securitisation	Items subject to counterparty credit risk	Items subject to market risk
1	Asset carrying value amount under scope of regulatory consolidation	703,030,045	703,911,571	-	72,850,872	368,183
2	Liabilities carrying value amount under regulatory scope of consolidation	63,039,406	-	-	63,039,406	251,958
3	Total net amount under regulatory scope of consolidation	639,990,640	703,911,571	-	9,811,466	116,225
4	Off-balance sheet amounts	196,545,161	66,562,294	-	8,773,213	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to prudential filters	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	65,089,730	-
10	Exposure amounts considered for regulatory	639,990,640	770,473,865	-	83,674,409	116,225

c) Explanations of differences between accounting and regulatory exposure amounts

There is no significant difference between the amounts assessed pursuant to TAS and the risk amounts used within the scope of capital adequacy reported on the financial statements.

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations

a) General Information on Credit Risk

If the counterparty does not partially or completely fulfill its obligations in accordance with contract, the credit risk is exposed. The Group’s definition of credit risk contains the credit risk in all products and activities based on the credit definition of law of banking.

In accordance with the articles 51 and 54 of banking law and in compliance with legal legislation in order to restrict the credit risk in the crediting operations; branches, regional directorates, general directorate crediting units, deputy general manager responsible for credits, general manager, credit committee and board of directors determine the credit limits for counterparties within the framework of lending authority limits and provide credits within these limits.

Crediting activities are one of the basic and extensive fields of activities. The Parent Bank can provide all kind of crediting activities with its experience, competitiveness, variety of product and services. Parallel to this, it has a wide range of organization, regulation (legislation/documentation) and system infrastructure for the marketing, allocation and monitoring process of credit.

While establishing infrastructure, it is also supervised that all activities can be performed on a risk basis, in addition to providing the highest level of efficiency in the processes of the credits.

Credit management is not the single function within the Parent Bank and it is not restricted to the only one unit and responsibility area. Credit management is a process carried out together with different units and employees with different roles, authorities and responsibilities.

Credit facility functions are mainly carried out by the consecration units and in addition to the transactions done by the business units announced by the head of the Credit Management Department, relevant policy, strategy and framework documents are constituted by taking account of the international implementations and national legislation in order to ensure the effective and healthy management of the credit risk. The basic principles and principles of the policy, strategy and framework documents and the identification, measurement, monitoring and reporting of risk within the scope of risk management are determined. In the management of the credit risk, it is essential to consider all risk categories that may lead to capital requirements. In this subjected process, allocation units, evaluation and rating units, and risk management units are playing an active role.

The Parent Bank’s Risk Management Department continues its activities to assess, analyze and report on the credit risk in line with the policy document and measurement results and to determine the effect of the Group on the capital requirement.

Within the results of the studies made in this context, it is possible to establish better portfolios with lower potential asset classes (credit types and/or counterparties) by sharing them with the Parent Bank’s top management and the units managing the loan portfolios, trying to be a guide in these matters.

In order to identify the risks which are created by loan concentrations and to create a balanced loan portfolio, sectoral, large credit and country risk limits have been determined, and these limits are regularly reviewed and updated taking into account the Bank's credit policy, risk appetite and economic changes.

The eventual aim of the Parent Bank is using credit risk inherent management methods in accordance with Basel III and best international implementations. In this context, studies of IRB (Internal Ratings Based Approach) are carried out. Within the scope of IRB studies, politics and procedures are updated as risk-focused. In addition, the work involves the correctness, precision and consistency of the models, which are used by the Parent Bank, and the ratios of them in determining these criteria, measuring the general coherence of the other parts of the models, and basically, the work is continued in terms of qualitative and quantitative validation (verification) of the Parent Bank’s inner credit rating systems.

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

Credit Quality of Assets

Current Period- December 31, 2021		Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
		Defaulted Exposures	Defaulted Exposures		
1	Loans	19,139,928	589,615,164	26,594,761	582,160,331
2	Debt Securities	-	214,831,771	1,566,946	213,264,825
3	Off-balance sheet exposure	507,691	278,259,971	44,305	278,723,357
4	Total	19,647,619	1,082,706,906	28,206,012	1,074,148,513

Prior Period -December 31, 2020		Gross carrying values of (according to TAS)		Allowances / Impairment	Net Values
		Defaulted Exposures	Defaulted Exposures		
1	Loans	17,930,171	431,944,605	22,145,495	427,729,281
2	Debt Securities	-	142,946,444	394,496	142,551,948
3	Off-balance sheet exposure	473,440	167,832,215	43,756	168,261,899
4	Total	18,403,611	742,723,264	22,583,747	738,543,128

Changes in Stock of Defaulted Loans and Debt Securities(*)

Current Period- December 31, 2021		Prior Period- December 31, 2020
1	Defaulted Loans and debt securities at end of the previous reporting period	17,930,17117,712,516
2	Loans and debt securities that have defaulted since the last reporting period	5,508,3655,728,918
3	Returned to non-defaulted status	143,4671,649,753
4	Amounts written-off	834,885890,789
5	Other Changes	(3,320,256)(2,970,721)
6	Defaulted Loans and debt securities at end of the reporting period (1+2-3-4±5)	19,139,92817,930,171

(*) Indemnified non-cash loans of the firms which are followed under “Non-performing Loans” accounts are not included in the table.

Additional disclosure related to the credit quality of assets

As per the provisions of “Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Set Aside” published by BRSA, capital and interest payments, and loans unpaid within their maturity or on their due date are accepted to be overdue. Loans the collection of whose capital and interest payments are overdue more than 90 days and the loans whose debtors are decided by the Bank to have lost their credit ratings are deemed to be depreciated or loans for which provision is allocated.

The Parent Bank calculates its expected loss provisions in scope of TFRS 9, as laid out in detail in Information on Expected Loss Provisions no. VIII in the Accounting Policies.

Restructuring that can be applied for performing or non-performing receivables is done by changing the terms of the loan contract or by partially or completely refinancing the loan due to the financial difficulties that the borrower is facing or is likely to encounter in the payments.

Breakdown of receivables in terms of geographic regions, sectors and remaining maturities

Breakdown of receivables in terms of geographic regions

Credit receivables/risks	Current Period – December 31, 2021	Prior Period – December 31, 2021
Domestic	533,115,373	398,740,450
European Union Countries	7,784,885	4,313,704
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	2,939,074	1,469,341
Other	45,775,831	27,421,110
Total	589,615,163	431,944,605

(*)OECD Countries other than EU countries, USA and Canada

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

Breakdown of loan receivables by sector

Current Period- December 31, 2021			
Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	4,757,664	200,187	158,850
Farming and raising livestock	4,302,481	183,780	146,393
Forestry	348,237	1,840	1,633
Fishing	106,946	14,567	10,824
Manufacturing	169,809,346	4,312,213	3,521,536
Mining and Quarrying	15,868,492	339,115	276,272
Production	118,229,167	3,087,315	2,527,486
Electricity, Gas, Water	35,711,687	885,783	717,778
Construction	63,825,821	3,991,335	3,080,360
Services	214,388,273	7,277,619	5,470,449
Wholesale and Retail Trade	73,444,817	4,401,810	3,449,088
Accommodation and Dining	21,743,941	250,646	188,316
Transportation and Telecommunication	74,558,206	510,553	420,544
Financial Institutions	11,217,119	45,835	39,143
Real Estate and Rental Services	23,001,578	213,837	185,875
Professional Services	5,892,016	1,646,220	1,012,058
Educational Services	2,415,018	103,241	81,053
Health and Social Services	2,115,578	105,477	94,372
Other	136,834,059	3,358,574	2,387,213
Total	589,615,163	19,139,928	14,618,408

Prior Period- December 31, 2020			
Breakdown of loan receivables by sector	Cash Loans	Impaired Loans	Provisions
Agricultural	3,184,954	193,059	145,556
Farming and raising livestock	3,080,869	175,007	133,997
Forestry	29,948	3,179	2,707
Fishing	74,137	14,873	8,852
Manufacturing	113,832,924	4,267,687	3,310,218
Mining and Quarrying	9,613,071	281,800	240,607
Production	83,027,588	3,101,604	2,455,587
Electricity, Gas, Water	21,192,265	884,283	614,024
Construction	41,169,434	3,959,450	2,743,441
Services	154,499,129	6,651,515	5,366,056
Wholesale and Retail Trade	58,080,392	4,235,827	3,450,743
Accommodation and Dining	14,975,711	356,000	305,800
Transportation and Telecommunication	48,418,802	569,195	466,789
Financial Institutions	8,622,109	72,310	59,967
Real Estate and Rental Services	15,825,029	227,459	193,231
Professional Services	4,154,239	967,355	708,218
Educational Services	2,457,054	110,013	85,171
Health and Social Services	1,965,793	113,356	96,137
Other	119,258,164	2,858,460	2,152,629
Total	431,944,605	17,930,171	13,717,900

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

Breakdown by outstanding maturity

Current Period - December 31, 2021						
Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
-	56,477,962	28,868,818	112,391,210	225,347,693	166,529,480	589,615,163

Prior Period - December 31, 2020						
Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 Years	5 Years and Over	Total
-	38,021,874	16,710,619	52,360,784	217,634,418	107,216,910	431,944,605

Amounts of provision allocated receivables (According to the definition used by the Bank in accounting) based on geographical area and sector and amounts deducted from the assets with the related provisions

Breakdown by of provision allocated receivables by geographical area

Current Period - December 31, 2021		
Geographical Area	Loans Receivables(Risks)	Provisions
Domestic	18,488,858	14,301,587
European Union Countries	551,708	252,999
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	98,620	63,080
Other	742	742
Total	19,139,928	14,618,408

(*) OECD Countries other than EU countries, USA and Canada.

Prior Period- December 31, 2020		
Geographical Area	Loans Receivables(Risks)	Provisions
Domestic	17,650,625	13,488,682
European Union Countries	208,098	197,233
OECD Countries (*)	-	-
Off-Shore Banking Regions	-	-
USA, Canada	71,448	31,985
Other	-	-
Total	17,930,171	13,717,900

(*) OECD Countries other than EU countries, USA and Canada.

Aging analysis for overdue receivables

	Current Period - December 31, 2020	Prior Period - December 31, 2019
31-60 days	3,158,375	2,562,274
61-90 days	1,854,042	2,067,323

Breakdown of restructured receivables based on whether or not provisions are allocated

Payment Plan Extensions	Current Period- December 31, 2021	Prior Period- December 31, 2020
Standard Loans	114,299	395,256
Loans Under Close Monitoring	24,668,538	15,431,513
Non-performing Loans	2,145,575	1,529,430

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

b) Credit Risk Mitigation

Qualitative disclosure on credit risk mitigation techniques

Credit risk mitigation techniques in the Parent Bank are evaluated within the scope of the "Policy Document on Credit Risk Management". Within the scope of "Communiqué on Credit Risk Mitigation Techniques", published in the Official Gazette dated September 6, 2014, numbered 29111 simple financial guarantee method is used for financial guarantees. Cash and cash equivalents, Treasury support containing Credit Guarantee Fund securities and guarantees are used to mitigate credit risk.

Policies regarding the valuation of financial collateral and the appraisal of the valuations and policies and procedures for the valuation of real estate established for the collateral of mortgage-backed loans, which are an asset class, have been established. These policies and procedures have been prepared in accordance with the "Communiqué on Credit Risk Mitigation" and cover the minimum requirements for collateral valuation and management.

The Parent Bank receives collaterals such as mortgages, sureties/guarantees and financial collaterals for the loans given.

Credit Risk Mitigation Techniques

		Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Current Period - December 31, 2021								
1	Loans	421,586,612	160,573,719	105,407,593	63,035,950	51,202,158	-	-
2	Debt Securities	213,264,825	-	-	-	-	-	-
3	Total	634,851,437	160,573,719	105,407,593	63,035,950	51,202,158	-	-
4	Of which Defaulted	19,139,928	-	-	-	-	-	-

		Exposures unsecured: carrying amount	Exposures secured by collaterals	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Prior Period - December 31, 2020								
1	Loans	311,871,007	115,858,274	81,963,062	79,598,658	51,794,733	-	-
2	Debt Securities	142,551,948	-	-	-	-	-	-
3	Total	454,422,955	115,858,274	81,963,062	79,598,658	51,794,733	-	-
4	Of which Defaulted	17,930,171	-	-	-	-	-	-

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

c) Credit risk under Standardized approach

Qualitative disclosures on banks’ use of external credit ratings under the standardized approach for credit risk

The external rating grades of the counterparties of Fitch Ratings international rating agencies are used in determining the risk weights for the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Banks' Capital Adequacy. Fitch Ratings is used as an international rating agency to determine the risk weights of risk classes to be received from central government or central banks and from banks and intermediary institutions.

When an international rating is taken into account for the entire risk category of central government or central banks, the centralized and central banks that are not rated by the Fitch Ratings international rating agency are based on the country risk classification issued by the Organization for Economic Co-operation and Development (OECD).

The following table shows that the rating scale of the credit rating agency corresponds to the credit quality levels reported in the annex of the Regulation on the Measurement and Evaluation of Banks' Capital Adequacy.

Islamic International Rating Agency (IIRA) ratings are taken into account for country ratings in capital adequacy calculations.

Ratings Matched	Credit Quality	Fitch Ratings
	Rank	
Long Term Credit Ratings	1	AAA and AA-
	2	A+ and A-
	3	BBB+ and BBB-
	4	BB+ and BB-
	5	B+ and B-
	6	CCC+ and below
Short Term Credit Ratings	1	F1+ and F1
	2	F2
	3	F3
	4	F3 below
	5	-
	6	-

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

Credit Risk Exposure and Credit Risk Mitigation (CRM) Effects

Current Period - December 31, 2021	Exposures before Credit Conversion Factors and CRM		Exposures post- Credit Conversion Factors and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA
1 Asset classes						
2 Exposures to central governments or central banks	315,385,361	771,950	329,064,633	431,534	999,394	0.30%
3 Exposures to regional governments or local authorities	7,607,869	565,467	7,607,869	276,239	3,937,000	49.94%
4 Exposures to public sector entities	815,709	192,293	815,709	75,366	876,608	98.38%
5 Exposures to multilateral development banks	-	-	-	-	-	-
6 Exposures to international organizations	-	-	-	-	-	-
7 Exposures to institutions	19,480,652	5,508,229	19,480,652	3,531,154	7,447,443	32.36%
8 Exposures to corporates	243,926,688	195,551,356	230,247,416	80,774,830	301,021,221	96.78%
9 Exposures secured by residential property	111,641,382	70,467,000	111,641,382	10,896,764	91,849,129	74.96%
10 Exposures secured by commercial real estate	49,614,306	1,985,151	49,614,306	822,645	17,652,933	35.00%
11 Past-due loans	51,442,638	8,532,029	51,442,638	5,431,096	38,485,571	67.67%
12 Higher-risk categories by the Agency Board	4,432,335	4,432,335	4,432,335	-	3,007,931	67.86%
13 Exposures to institutions and corporates with a short-term credit assessment	14,102,871	24,196	14,102,871	12,098	21,078,475	149.33%
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	7,806	-	7,806	-	7,806	-
16 Other assets	21,252,612	-	21,252,612	-	15,486,284	72.87%
17 Investment in equities	3,204,428	-	3,204,428	-	3,204,428	100.00%
18 Total	842,914,657	283,597,671	842,914,657	102,251,726	505,054,223	53.44%

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

Exposures by asset classes and risk weights

Current Period- December 31, 2021	Asset Classes/ Risk Weight*	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	150%	200%	250%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	328,106,310	-	-	-	957,547	-	255,690	176,620	-	-	-	329,496,167
2	Exposures to regional governments or local authorities	9,954	-	260	-	7,873,894	-	-	-	-	-	-	7,884,108
3	Exposures to public sector entities	8,877	-	6,988	-	-	-	875,210	-	-	-	-	891,075
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	610,563	-	14,802,986	-	6,222,813	-	1,375,444	-	-	-	-	23,011,806
7	Exposures to corporates	944,780	-	7,671,585	-	5,837,954	-	296,567,927	-	-	-	-	311,022,246
8	Retail exposures	794,266	-	990,939	-	-	116,408,001	4,344,940	-	-	-	-	122,538,146
9	Exposures secured by residential property	-	-	-	-	-	-	-	-	-	-	-	50,436,951
10	Exposures secured by commercial real estate	-	-	-	-	36,776,326	-	20,097,408	-	-	-	-	56,873,734
11	Past-due loans	-	-	-	-	2,945,951	-	1,389,241	97,143	-	-	-	4,432,335
12	Higher Risk categories by the Agency Board	-	-	35,200	-	-	-	-	14,047,623	-	-	-	14,114,969
13	Exposures in the form of covered bonds	32,146	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-	-	-
16	Other assets	-	-	-	-	-	-	7,806	-	-	-	-	7,806
17	Investments in equities	3,855,916	-	2,388,015	-	-	-	3,204,428	-	-	-	-	3,204,428
18	Total	334,362,812	-	25,895,973	50,436,951	60,614,485	116,408,001	343,126,775	14,321,586	-	-	-	945,166,383

Prior Period- December 31, 2020	Asset Classes/ Risk Weight*	0%	10%	20%	35% (secured by real estate)	50%	75%	100%	150%	200%	250%	Other Risk Weights	Total credit risk exposure amount (After CCF and CRM)
1	Exposures to central governments or central banks	281,424,932	-	-	-	662,074	-	200,794	71,563	-	-	-	282,359,383
2	Exposures to regional governments or local authorities	8,677	-	206	-	9,602,121	-	-	-	-	-	-	9,611,004
3	Exposures to public sector entities	7,236	-	2,238	-	-	-	485,645	-	-	-	-	493,119
4	Exposures to multilateral development banks	9,335	-	-	-	-	-	29,475	-	-	-	-	38,810
5	Exposures to International organizations	-	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	678,087	-	5,271,244	-	12,787,993	-	571,913	-	-	-	-	19,309,207
7	Exposures to corporates	872,987	-	2,214,360	-	2,450,764	-	220,585,310	-	-	-	-	226,123,421
8	Retail exposures	489,471	-	736,426	-	-	96,679,471	-	-	-	-	-	97,905,368
9	Exposures secured by residential property	-	-	-	39,258,365	-	-	-	-	-	-	-	39,258,365
10	Exposures secured by commercial real estate	-	-	-	-	29,159,676	-	15,071,415	-	-	-	-	44,231,091
11	Past-due loans	-	-	-	-	3,643,888	-	262,204	8,437	-	-	-	3,914,529
12	Higher Risk categories by the Agency Board	-	-	-	-	-	-	-	200,935	-	-	-	200,935
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short term credit assessments	-	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	411	-	-	-	-	411
16	Other assets	-	-	-	-	-	-	2,222,895	-	-	-	-	2,222,895
17	Investments in equities	3,184,810	-	1,749,983	-	-	-	13,966,471	-	-	-	-	18,901,264
18	Total	286,675,525	-	9,974,487	39,258,365	58,306,516	96,679,471	253,396,533	280,935	-	-	-	744,571,580

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations

Qualitative disclosure on counterparty credit risk

The counterparty credit risk that may be incurred by the counterparty that is a party to a transaction that is liable to both parties due to default before the final payment in the cash flow is managed within the Parent Bank's "Counterparty Credit Risk Management Policy Document". The counterparty credit risk amounts calculated using the "Fair Value Valuation Method" within the scope of the "Communiqué on Credit Risk Mitigation" are calculated on the basis of the portfolios in the trading accounts and banking accounts, and these amounts are used within the scope of capital adequacy calculations. Various scenarios and stress tests are applied to the counterparty credit risk.

Processes related to counterparty credit risk management activities have been written down. In the direction of the policy document and measurement results, activities of evaluating, analyzing and reporting the counterparty credit risk and determining the effect of the capital requirement of the Parent Bank and Group are being continued.

In addition to the measurement activities, sensitivity and scenario analysis are used to evaluate the resistance of the Group to the changes that may be experienced in risk factors against economic developments. Monthly stress test reports include analyzes of counterparty credit risk. The distributions of positions subject to counterparty credit risk calculation, the ratings of these counterparties from independent rating agencies and transaction concentration are regularly monitored by the Risk Management Department of the Parent Bank. The Parent Bank monitors the level of concentration in terms of the counterparty of derivative transactions. The collateral process of derivative transactions, repo, marketable securities transactions etc. with foreign banks is covered with ISDA (International Swap and Derivatives Association) and ISMA (International Securities Market Association) contracts and the collateral agreements regarding the mutual rights and obligations for the transactions between the two parties.

Treasury transactions are valued on a daily basis over the market prices taking into account these contracts and rules from the beginning to the closing of the transaction and the difference between the favorable and unfavorable values of the transactions against the market prices cause the settlement call movements by agreeing with the related banks. In compliance with the limitations of the bank which exposed to counterparty risk, the Parent Bank follows the limit follow up system. Limits, which are defined as loan limits and compromise limits in the system, are monitored instantaneously.

The Parent Bank has fulfilled its statutory obligations under EMIR (European Markets Infrastructure Regulation). The clearing member of the bank has been transmitted to the "counterparty" via a bank and transactions that provide conditions within the existing transactions in the portfolio have started to be cleared under the conditions of EMIR.

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Counterparty credit risk (CCR) approach analysis

Current Period- December 31, 2021		Renewal cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1	Fair value method - KKR (for derivatives)	6,756,001	1,477,240			8,233,240	4,237,133
2	Standard approach - KKR (for derivatives)	-	-		1.4	-	-
3	Internal Model Method(for derivative financial instruments,repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)			-	-	-	-
4	Simple methods that can be used to mitigate credit risk-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					122,857,258	2,504,164
5	A comprehensive method for credit risk reduction-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					-	-
6	Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time					-	-
7	Total						6,741,297

Prior Period- December 31, 2020		Renewal cost	Potentially the amount of credit risk	EBPRT	Legal risk Alpha used for the calculation of the amount of	The amount of risk after credit risk mitigation	Risk-weighted amounts
1	Fair value method - KKR (for derivatives)	7,561,240	1,211,973			8,773,213	4,350,224
2	Standard approach - KKR (for derivatives)	-	-		1.4	-	-
3	Internal Model Method(for derivative financial instruments,repurchase agreement, securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)			-	-	-	-
4	Simple methods that can be used to mitigate credit risk-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					65,089,730	5,221,169
5	A comprehensive method for credit risk reduction-(for derivative financial instruments,securities or commodities lending or borrowing transactions, long duration credit transactions with securities transactions of the swap)					13,000	79
6	Repurchase transactions, securities or commodities lending or borrowing transactions, trade credit transactions in securities value at risk for processes with long time					-	-
7	Total						9,571,472

Capital requirement for credit valuation adjustment (CVA)

Current Period - December 31, 2021		EAD post CRM	RWA
1	Total portfolios subject to the Advanced CVA capital obligation	-	-
2	(i) VaR component (including the 3×multiplier)		-
3	(ii) Stressed VaR component (including the 3×multiplier)		-
2	All portfolios subject to the Standardised CVA capital obligation	8,233,240	3,023,178
4	Total subject to the CVA capital obligation	8,233,240	3,023,178

Prior Period- December 31, 2020		EAD post CRM	RWA
1	Total portfolios subject to the Advanced CVA capital obligation	-	-
2	(i) VaR component (including the 3×multiplier)		-
3	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital obligation	8,773,213	2,487,815
4	Total subject to the CVA capital obligation	8,773,213	2,487,815

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Standard Approach - Counterparty Credit Risk (CCR) Exposures by Risk Classes and Risk Weights

Current Period - December 31, 2021		Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Other	Total Credit Exposures(*)
		Claims from central governments and central banks	92,324,394	-	-	-	-	-	-	-	-	-
		Claims from regional and local governments	-	4,441	26	-	-	-	-	-	-	449
		Claims from administration and non commercial entity	-	63	-	-	-	-	-	-	-	6
		Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
		Claims from international organizations	-	-	6,976,365	-	-	-	119,546	-	-	4,565,885
		Claims from institutions	19,034,357	3,375,992	-	6,065,306	-	-	1,770,288	920,632	277,571	2,113,439
		Corporates	896,983	-	-	-	-	63,248	-	-	25,162	85,985
		Retail portfolios	79,031	380,460	-	-	-	-	-	-	-	-
		Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
		Past-due loans	-	-	-	-	-	-	-	-	-	-
		Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
		Mortgage securities	-	-	-	-	-	-	-	-	-	-
		Securitization positions	-	-	-	-	-	-	-	-	-	-
		Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
		Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
		Stock investment	-	-	-	-	-	-	-	-	-	-
		Other Receivables	-	-	-	-	-	-	-	-	-	-
		Other Assets	-	-	-	-	-	-	-	-	-	-
		Total	112,334,765	3,760,956	6,976,391	-	6,065,306	63,248	1,889,834	-	1,223,365	6,765,764

(*) Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.

(**) Other assets: The counterparty reported in the counter counterparty risks includes amounts not included in the credit risk.

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Prior Period - December 31, 2020										
Risk Classes / Risk Weights	0%	10%	20%	35% Secured by real estate	50%	75%	100%	150%	Other	Total Credit Exposures ^(*)
Claims from central governments and central banks	29,048,434	-	-	-	-	-	-	-	-	69
Claims from regional and local governments	-	690	1	-	-	-	-	-	-	1,950
Claims from administration and non commercial entity	-	1,943	-	-	-	-	1,756	-	-	-
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	12,119,902	-	19,277,040	-	6,463,645	-	473,980	-	360,620	7,568,423
Corporates	992,708	3,137,447	-	-	-	-	1,603,665	-	202,421	1,921,458
Retail portfolios	65,032	653,730	-	-	-	35,970	-	-	17,363	92,698
Claims on landed real estate	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Claims which are determined as high risk by the board of BRSA	-	-	-	-	-	-	-	-	-	-
Mortgage securities	-	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-	-
Claims from corporates, banks and financial intermediaries which have short term credit rating	-	-	-	-	-	-	-	-	-	-
Investments which are qualified as collective investment institutions	-	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-	-
Other claims	-	-	-	-	-	-	-	-	-	-
Other assets ^(**)	-	-	-	-	-	-	-	-	-	-
Total	42,226,076	3,793,810	19,277,041	-	6,463,645	35,970	2,079,401	-	580,404	9,584,598

(*) Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.

(**) Other assets: The counterparty reported in the counter counterparty risks includes amounts not included in the credit risk.

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Collaterals for counterparty credit risk

Current Period - December 31, 2021	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	117,366,019	-
Cash-foreign currency	-	-	-	-	16,680,847	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	134,046,866	-

Prior Period - December 31, 2020	Collateral for derivative transactions				Collateral for other transactions	
	Fair value of collateral received		Fair value of collateral given		Fair value of collateral received	Fair value of collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	35,649,667	-
Cash-foreign currency	-	-	-	-	21,250,710	-
Domestic sovereign debts	-	-	-	-	13,006	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	56,913,383	-

Loan Derivatives

Current Period - December 31, 2021	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	1,169,754	5,676,270
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	1,169,754	5,676,270
Fair Values	185,667	2,340,553
Positive fair values (asset)	185,667	-
Negative fair values (liability)	-	2,340,553

Prior Period - December 31, 2020	Protection bought	Protection sold
Notionals		
Single-name credit default swaps	1,169,754	3,017,124
Index credit default swaps	-	-
Total return swaps	-	-
Credit options	-	-
Other credit derivatives	-	-
Total Notionals	1,169,754	3,017,124
Fair Values	125,557	634,601
Positive fair values (asset)	125,557	-
Negative fair values (liability)	-	634,601

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

3. Counterparty Credit Risk Explanations (Continued)

Central counterparty risks

Current Period - December 31, 2021		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		24,690
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,223,365	24,467
3	(i) OTC Derivatives	254,347	5,087
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	969,018	19,380
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	88,375	223
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

Prior Period- December 31, 2020		Exposure at default (post-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)		13,126
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	580,404	11,608
3	(i) OTC Derivatives	189,143	3,783
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	391,261	7,825
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	650,000	1,518
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

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XI. INFORMATION ON RISK MANAGEMENT (Continued)

4. Explanations on Market Risk

Qualitative disclosure requirements related to market risk

As a result of fluctuations in the financial market, the Group is exposed to market risk, depending on the exchange rates, interest rates and changes in the market prices of the shares.

In order to evaluate the market risk, liquidity risk , interest risk or condensation risk that Bank is facing or could face, with the policies and limitations that are lineup for to control the risks there is “Market Risk Management Directorate” and it carries out the market risk management. In this extent, this Directorate design the risk measurement models, measurement results and getting regular reports from the other analyzes and give notices from the report of the analyzes to the necessary departments.

Market risks get measured and monitored with the national legislation that are parallel to international applications. This market risk management process continues by including buying and selling balance sheet both internally and externally, meeting the legal necessities, being able to analyze the all risks that can be caused from buying-selling activities and by identifying the market risk that can be caused by all portfolios.

Risk management of the Parent Bank is important in order to be understood by the all management stages and be able to get an opportunity to manage risk. In addition to that, it is similarly important to handle the loss that might cause when a risk occurs. Therefore measurements must cover the evaluations for the fund needs near the size of the risk and evaluations of the conditions that caused it. By using the methods of scenario and stress test, it is possible to see risk levels and needs of funds that can be generated from different circumstances and risky conditions.

In addition to the results of market risk measurements using standard method, which calculated in monthly periods, other daily risk dependencies can be also calculated by using internal model. There are daily back testings occurred in order to examine the trustworthiness and performance of the model results. Besides, there are also scenario analyzes and stress tests are happening in order to backing up the standard method and internal models. In addition to this, in order to limit the market risks, daily limit implementation and limit implementation in accordance with the early warning system can be monitored on daily basis.

Market Risk- Standardised approach

		Current Period - December 31, 2021	Prior Period - December 31, 2020
		RWA	RWA
Outright products			
1	Interest rate risk (general and specific)	1,788,713	1,400,825
2	Stock risk (general and specific)	109,628	26,508
3	Foreign exchange risk	7,386,951	1,977,590
4	Commodity risk	457,555	-
Options			
5	Simplified approach	-	-
6	Delta-plus method	27,129	22,776
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	9,769,976	3,427,699

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INFORMATION RELATED TO CONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

XI. INFORMATION ON RISK MANAGEMENT (Continued)

5. Explanations on Operational Risk

The “Basic Indicator Method” that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 29511 on October 23, 2015 is used in the operational risk calculation of the Group. Under the scope of the calculation, the value found by multiplying the average of the fifteen percent of the year-end gross income amounts realized by the Group over the last three years by twelve and half is considered as the operational risk.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-tomaturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non interest income.

All staff of the Bank is responsible within the scope of their own roles and work processes of controlling and decreasing operational risks. All units of the Bank are responsible of taking risk-reducing measures through insurance or other risk transfer mechanisms to reduce operational risks that may arise in their own business activities.

Current Period – December 31, 2021	2PP	1PP	Current Period	Total/Positive GI year number	Ratio (%)	Total
Gross income	14,753,373	15,438,683	21,378,716	17,190,257	15	2,578,539
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	32,231,733

Prior Period- December 31, 2020	2PP	1PP	Current Period	Total/Positive GI year number	Ratio (%)	Total
Gross income	10,624,126	14,753,373	15,438,683	13,605,394	15	2,040,809
Amount subject to Operational Risk (Amount*12,5)	-	-	-	-	-	25,510,114

6. Interest Rate Risk Related to Banking Book

The Parent Bank has evaluated to interest rate risk arising from on-balance sheet and off-balance sheet positions in banking accounts in accordance within accordance with “Regulation on Measurement and Evaluation of Interest Rate Risk in Banking Accounts with Standard Shock Method” performs and reports on these measurement based results and analyzes on weekly and monthly periods. In addition, in the Asset-Liability Management Committee meetings, the sensitivity of the active, passive and off-balance sheet items to the interest rate is evaluated taking into consideration the market developments.

In line with the management of interest rate risk arising from banking accounts; Scenario analysis, gap analysis to date of re-pricing, behavioral analysis, core demand deposit level, duration and maturity mismatch metrics, option risk, base risk and yield curve risk components are followed together.

Current Period - December 31, 2021	Currency	Applied Shock (+/- x basis points)*	Gains/Losses	Gains / Shareholders’ Equity Losses/ Shareholders’ Equity
1	TRY	500/(400)	(5,486,562)/5,070,845	(%7.06) / %6.53
2	EURO	200/(200)	(4,431,583)/785,195	(%5.71) / %1.01
3	USD	200/(200)	(737,408)/786,504	(%0.95) / %1.01
Total (for negative shocks)		-	6,642,544	(%13.72)
Total (for positive shocks)		-	(10,655,553)	%8.55

Prior Period - December 31, 2020	Currency	Applied Shock (+/- x basis points)*	Gains/Losses	Gains / Shareholders’ Equity Losses/ Shareholders’ Equity
1	TRY	500/(400)	(7,823,623)/7,246,356	(%11.97) / %11.09
2	EURO	200/(200)	(1,342,194)/(206,353)	(%1.50) / %0.82
3	USD	200/(200)	(980,927)/535,680	(%2.05) / (%0.32)
Total (for negative shocks)		-	7,575,682	%11.59
Total (for positive shocks)		-	(10,146,744)	(%15.53)

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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SECTION FIVE

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS

1. Information on cash and balances with the Central Bank

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Cash	1,930,257	2,041,142	1,681,211	1,434,732
Central Bank of the Republic of Turkey (*)	26,610,644	109,585,919	12,390,091	75,644,781
Other	819,123	3,185,460	591,188	1,465,239
Total	29,360,024	114,812,521	14,662,490	78,544,752

(*) TL 56,969,055 (December 31, 2020: TL 26,455,637) of the foreign currency deposit at Central Bank of the Republic of Turkey consists of foreign currency reserve deposits.

As per Communiqué on Required Reserve of CBRT, required reserve may be kept in TL, USD, EUR and standard gold. CBRT pays interest for required reserve kept in TL.

In accordance with “Announcement on Reserve Deposits” of CBRT numbered 2013/15, all banks operating in Turkey shall provide a reserve rate ranging from %3.0 to %8.0 (December 31, 2020: ranging from %1.0 to %6.0). For foreign currency liabilities, all banks shall provide a reserve rate ranging from %5.0 to %26.0 in US Dollar or Euro (December 31, 2020: ranging from %5.0 to %22.0).

Balances with the Central Bank of the Republic of Turkey

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Unrestricted demand deposits	25,948,962	52,616,864	12,069,426	36,135,248
Restricted demand deposits	375,623	-	259,120	-
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	13,053,896
Reserve Deposits	286,059	56,969,055	61,545	26,455,637
Total	26,610,644	109,585,919	12,390,091	75,644,781

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

2. Further information on financial assets at fair value through profit/loss

Information on financial assets at fair value through profit or loss, subject to repurchase agreements and given as collateral/blocked

	Current Period December 31, 2021	Prior Period December 31, 2020
Collateralized/blocked investment securities	14,383,082	-
Investments subject to repurchase agreements	-	7,000,000
Total	14,383,082	7,000,000

Positive differences on derivative financial assets held for trading purpose

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Forward transactions	1,186,318	5,610	50,686	9,940
Swap transactions	17,972,859	1,895,937	7,086,102	1,591,494
Futures	-	-	-	-
Options	12,457	173,245	1,420	1,343
Other	-	-	-	-
Total	19,171,634	2,074,792	7,138,208	1,602,777

The Parent Bank has performed cross currency and interest rate swap transactions that can be canceled. Thus, swap transactions, in the event of certain conditions related to the loan (such as not making a payment) regarding the Bank, may be terminated by not realizing the amount to be paid and paid by any party according to the contract. As of 31 December 2021, the fair value of this transaction is TL 1,079,186, with a nominal amount of 120 million USD and an average maturity of 2.54 years. (As of 31 December 2020, the fair value of this transaction was TL 247,734 with a nominal amount of 120 million USD, and an average maturity of 4.6 years.)

3. Information on banks

	Current Period – December 31, 2021		Prior Period – December 31, 2020	
	TL	FC	TL	FC
Banks				
Domestic	151,858	309,039	58,996	2,525
Foreign ^(*)	1,120,350	20,044,049	1	3,030,658
Foreign Head Offices and Branches	-	-	-	-
Total	1,272,208	20,353,088	58,997	3,033,183

^(*) As a result of the changes in the Uniform Chart of Accounts implemented by the BRSA as of January 1, 2021, the collaterals given for the derivative transactions given by the Bank to foreign banks, which were monitored in the other assets account in the bank balance sheet in the previous periods, which are started to be accounted in the banks account as of the current period. As of December 31, 2021 the relevant amount is TL 14,009,088.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Due from foreign banks

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	Unrestricted Balance	Restricted Balances ^(**)	Unrestricted Balance	Restricted Balances ^(**)
EU Countries	471,899	1,029,715	660,719	-
USA, Canada	2,150,852	3,809,939	745,033	1,005,650
OECD Countries ^(*)	2,252,210	10,828,879	235,131	-
Off-shore Banking Regions	1,350	-	626	-
Others	619,555	-	383,500	-
Total	5,495,866	15,668,533	2,025,009	1,005,650

^(*) OECD countries except from EU countries, USA, Canada.

^(**) Restricted balances that occur from securitization loans and other common banking activities

4. Information on financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income given as collateral or blocked

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Equity shares	-	-	-	-
Bonds, treasury bills and similar marketable securities	13,880,235	2,604,505	4,241,350	34,972,671
Other	-	-	-	-
Total	13,880,235	2,604,505	4,241,350	34,972,671

Financial assets at fair value through other comprehensive income subject to repurchase agreements

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Government bonds	10,777,067	56,651,084	13,031,822	3,901,929
Treasury bills	-	-	-	-
Other debt securities	-	7,615,243	-	8,811,133
Bonds issued or guaranteed by banks	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	10,777,067	64,266,327	13,031,822	12,713,062

Information on financial assets at fair value through other comprehensive income

	Current Period- December 31, 2021	Prior Period- December 31, 2020
Debt securities	140,716,197	84,287,305
Quoted on a Stock Exchange	140,442,608	84,199,125
Unquoted	273,589	88,180
Equity securities	21,978	18,159
Quoted on a Stock Exchange	-	-
Unquoted	21,978	18,159
Provisions for impairment losses (-)	1,784,498	377,539
Total	138,953,677	83,927,925

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

5. Information on loans

Information on all types of loans and advances given to shareholders and employees of the Parent Bank

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	8,344	-	32,511
Legal entities	-	8,344	-	32,511
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	481,072	-	470,993	49
Total	481,072	8,344	470,993	32,560

Information on loans classified in the first and second group loans and second group loans that have been restructured

Current Period - December 31, 2021

	Loans and other receivables under close monitoring			
	Standard loans	Agreement conditions modified		
		Loans not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	515,671,935	37,498,201	2,263,559	22,404,979
Loans given to enterprises	166,055,276	15,170,278	2,059,659	21,754,384
Export loans	20,352,505	144,619	-	-
Import loans	-	-	-	-
Loans given to financial sector	7,066,112	5,075	-	281
Consumer loans	105,744,802	1,356,478	45,645	637,972
Credit cards	23,002,578	440,091	157,800	-
Other	193,450,662	20,381,660	455	12,342
Specialized lending	-	-	-	-
Other receivables	-	11,776,489	-	-
Total	515,671,935	49,274,690	2,263,559	22,404,979

All creditors, including the Bank, have agreed that the loans provided in scope of loan agreements to Ojer Telekomünikasyon A.Ş. (OTAŞ), the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) shall be restructured. All creditors shall be direct or indirect partners to Levent Yapılandırma Yönetimi A.Ş., a special purpose company established in Turkish Republic, and 192,500,000,000 of A group shares, owned by OTAŞ pledged to be the warranty of current loans, which make up the 55% of issued capital of Türk Telekom, were taken over by LYY Telekomünikasyon AŞ as December 21, 2018. The Bank participated in LYY Telekomünikasyon AŞ with a 4.2559% share. At the Ordinary General Assembly Meeting of LYY dated September 23, 2019, it was decided that a portion of the loan would be converted to capital and added to the capital of LYY. In this context, the nominal value of the Bank's shares in LYY increased from TL 2 to TL 169,483. This amount is presented under “Financial assets at fair value through profit or loss” in the financial statements. As of December 31, 2021, the amount is TL 1,984,833 (December 31, 2020: TL 1,067,728) and the provision is TL 1,248,790 (December 31, 2020: TL 341,044).

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Prior Period - December 31, 2020

	Standard loans	Loans and other receivables under close monitoring		
		Loans not Subject to Restructuring	Agreement conditions modified	
			Loans with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized loans	389,154,555	18,613,603	2,840,854	12,590,659
Loans given to enterprises	147,126,813	10,275,674	2,123,492	11,882,423
Export loans	12,139,158	154,374	-	-
Import loans	-	-	-	-
Loans given to financial sector	4,712,929	869	-	227
Consumer loans	94,967,658	464,968	113,847	672,576
Credit cards	14,393,403	177,385	66,585	-
Other	115,814,594	7,540,333	536,930	35,433
Specialized lending	-	-	-	-
Other receivables	-	8,744,934	-	-
Total	389,154,555	27,358,537	2,840,854	12,590,659

Current Period - December 31, 2021

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	2,841,377	-
Significant Increase in Credit Risk	-	9,134,976

Prior Period - December 31, 2020

	Standard Loans	Loans under close monitoring
12-Month expected credit losses	3,179,240	-
Significant Increase in Credit Risk	-	5,248,355

Maturity analysis of cash loans

	Loans under close monitoring		
	Standard loans	Loans not Subject to Restructuring	Agreement conditions modified
Current Period - December 31, 2021			
Short-term Loans	131,765,550	16,226,293	140,321
Medium, Long-term Loans	383,906,385	33,048,397	24,528,217
	Loans under close monitoring		
	Standard loans	Loans not Subject to Restructuring	Agreement conditions modified
Prior Period - December 31, 2020			
Short-term Loans	71,101,580	9,320,819	83,326
Medium, Long-term Loans	318,052,975	18,037,718	15,348,187

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Consumer loans, retail credit cards, personnel loans and personnel credit cards

Current Period - December 31, 2021	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	1,817,360	96,628,548	98,445,908
Housing loans	12,983	48,250,850	48,263,833
Automobile loans	7,534	592,792	600,326
General purpose loans	1,796,843	47,784,906	49,581,749
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	6,294	6,294
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	3,216	3,216
Other	-	3,078	3,078
Retail credit cards – TL	16,598,355	151,890	16,750,245
With instalment	6,821,639	148,638	6,970,277
Without instalment	9,776,716	3,252	9,779,968
Retail credit cards – FC	42,680	-	42,680
With instalment	-	-	-
Without instalment	42,680	-	42,680
Personnel loans – TL	9,419	295,591	305,010
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	9,419	295,591	305,010
Other	-	-	-
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	175,386	333	175,719
With instalment	65,268	301	65,569
Without instalment	110,118	32	110,150
Personnel credit cards – FC	343	-	343
With instalment	-	-	-
Without instalment	343	-	343
Overdraft Checking Accounts – TL (Real person)	9,027,058	-	9,027,058
Overdraft Checking Accounts – FC (Real person)	627	-	627
Total	27,671,228	97,082,656	124,753,884

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Consumer loans, retail credit cards, personnel loans and personnel credit cards (Continued)

Prior Period - December 31, 2020	Short-Term	Medium and Long-Term	Total
Consumer loans – TL	1,167,352	89,104,078	90,271,430
Housing loans	3,209	40,609,960	40,613,169
Automobile loans	4,902	473,614	478,516
General purpose loans	1,159,241	48,020,504	49,179,745
Other	-	-	-
Consumer loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	-	4,639	4,639
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	2,157	2,157
Other	-	2,482	2,482
Retail credit cards – TL	10,919,678	92,959	11,012,637
With instalment	4,430,552	89,060	4,519,612
Without instalment	6,489,126	3,899	6,493,025
Retail credit cards – FC	14,017	-	14,017
With instalment	-	-	-
Without instalment	14,017	-	14,017
Personnel loans – TL	9,505	334,082	343,587
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	9,505	334,082	343,587
Other	-	-	-
Personnel loans – FC indexed	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	-	-	-
Housing loans	-	-	-
Automobile loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	126,608	592	127,200
With instalment	44,823	549	45,372
Without instalment	81,785	43	81,828
Personnel credit cards – FC	206	-	206
With instalment	-	-	-
Without instalment	206	-	206
Overdraft Checking Accounts – TL (Real person)	5,599,005	-	5,599,005
Overdraft Checking Accounts – FC (Real person)	388	-	388
Total	17,836,759	89,536,350	107,373,109

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Installment based commercial loans and corporate credit cards

Current Period - December 31, 2021	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	2,464,113	112,812,382	115,276,495
Real estate loans	33,405	1,343,471	1,376,876
Automobile loans	295,438	4,387,252	4,682,690
General purpose loans	2,135,270	107,081,659	109,216,929
Other	-	-	-
Instalment-based commercial loans – FC indexed	-	383,398	383,398
Real estate loans	-	-	-
Automobile loans	-	2,906	2,906
General purpose loans	-	380,492	380,492
Other	-	-	-
Instalment-based commercial loans – FC	1,651,467	60,752,723	62,404,190
Real estate loans	-	-	-
Automobile loans	-	35,877	35,877
General purpose loans	86,808	54,221,370	54,308,178
Other	1,564,659	6,495,476	8,060,135
Corporate credit cards – TL	6,498,981	120,778	6,619,759
With instalment	2,344,436	106,288	2,450,724
Without instalment	4,154,545	14,490	4,169,035
Corporate credit cards – FC	11,723	-	11,723
With instalment	-	-	-
Without instalment	11,723	-	11,723
Overdraft Checking Accounts – TL (Corporate)	1,369,480	-	1,369,480
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	11,995,764	174,069,281	186,065,045

Prior Period - December 31, 2020	Short-Term	Medium and Long-Term	Total
Instalment-based commercial loans – TL	2,743,103	114,059,373	116,802,476
Real estate loans	2,779	1,178,097	1,180,876
Automobile loans	137,470	2,635,208	2,772,678
General purpose loans	2,602,854	110,246,068	112,848,922
Other	-	-	-
Instalment-based commercial loans – FC indexed	-	453,243	453,243
Real estate loans	-	-	-
Automobile loans	-	25,550	25,550
General purpose loans	-	427,693	427,693
Other	-	-	-
Instalment-based commercial loans – FC	738,273	31,408,388	32,146,661
Real estate loans	-	-	-
Automobile loans	-	31,494	31,494
General purpose loans	249,088	27,131,872	27,380,960
Other	489,185	4,245,022	4,734,207
Corporate credit cards – TL	3,382,956	97,503	3,480,459
With instalment	1,194,567	89,774	1,284,341
Without instalment	2,188,389	7,729	2,196,118
Corporate credit cards – FC	2,854	-	2,854
With instalment	-	-	-
Without instalment	2,854	-	2,854
Overdraft Checking Accounts – TL (Corporate)	943,370	-	943,370
Overdraft Checking Accounts – FC (Corporate)	-	-	-
Total	7,810,556	146,018,507	153,829,063

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Allocation of loan customers^()*

	Current Period - December 31, 2021	Prior Period- December 31, 2020
Public Sector	18,853,395	12,061,315
Private Sector	570,761,768	419,883,290
Total	589,615,163	431,944,605

^(*) Non-performing loans are not included.

Allocation of domestic and overseas loans^()*

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Domestic loans	580,835,414	426,987,986
Foreign loans	8,779,749	4,956,619
Total	589,615,163	431,944,605

^(*) Non-performing loans are not included.

Loans to associates and subsidiaries

	Current Period - December 31, 2021	Prior Period- December 31, 2020
Direct loans to associates and subsidiaries	50,676	33
Indirect loans to associates and subsidiaries	-	-
Total	50,676	33

Specific provisions accounted for loans (Stage 3)

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Loans and receivables with limited collectability	531,455	321,431
Loans and receivables with doubtful collectability	977,216	1,356,977
Uncollectible loans and receivables	13,109,737	12,039,492
Total	14,618,408	13,717,900

Information on non-performing loans (Net)

Information on non-performing loans and other receivables restructured or rescheduled

	Group III Loans With Limited Collectability	Group IV Loans With Doubtful Collectability	Group V Uncollectible Loans
Current period - December 31, 2021			
Gross Amounts Before The Reserves	204,656	371,451	1,581,011
Loans Which Are Restructured	204,656	371,451	1,581,011
Prior period - December 31, 2020			
Gross Amounts Before The Reserves	39,537	275,228	1,001,815
Loans Which Are Restructured	39,537	275,228	1,001,815

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Movements in non-performing loan groups

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - December 31, 2021			
Balance at the beginning of the period	520,617	2,403,646	15,005,908
Additions (+)	5,023,344	114,790	370,231
Transfers from other categories of loans under follow-up (+)	-	4,261,340	3,906,850
Transfers to other categories of loans under follow-up (-) ^(*)	4,272,245	3,895,946	-
Collections (-)	166,535	729,678	2,641,643
Write-offs (-)	-	-	834,885
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	399	-	73,735
Balance at the end of the period	1,105,580	2,154,152	15,880,196
Provision (-)	531,455	977,216	13,109,737
Net balance	574,125	1,176,936	2,770,459

^(*) Loans that are transferred from non-performing loans to restructured loans are presented in Transfers from and to other categories of loans under follow-up.

^(**) As of December 31, 2021, the Parent Bank has TL 834,885 out of non-performing loans, which are followed in the fifth group, have no collateral, no reasonable expectations for recovery, and 100% provision has been made, in accordance with the amendment to the Provisions Regulation published by the BRSA in the Official Gazette dated November 27, 2019 and numbered 30961. The amount of loans corresponding to the first part of the loan and the provisions set aside for these have been deducted from the records. After the loans are written off, the Bank's NPL ratio decreased from 3.23% to 3.09%.

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Prior Period - December 31, 2020			
Balance at the beginning of the period	3,203,134	3,492,946	11,016,436
Additions (+)	4,370,625	111,790	1,246,503
Transfers from other categories of loans under follow-up (+)	-	6,703,801	5,806,870
Transfers to other categories of loans under follow-up (-) ^(*)	6,728,960	5,781,711	-
Collections (-)	325,778	2,124,350	2,170,346
Write-offs (-)	-	-	890,789
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Currency differences	1,596	1,170	(2,766)
Balance at the end of the period	520,617	2,403,646	15,005,908
Provision (-)	321,431	1,356,977	12,039,492
Net balance	199,186	1,046,669	2,966,416

^(*) Loans that are transferred from non-performing loans to restructured loans are presented in the transfers to other categories of loans under follow-up lines.

^(**) As of December 31, 2020, the Bank has TL 890,789 from non-performing loans, which are followed in the fifth group, have no collateral, no reasonable expectations for recovery, and 100% provision has been made in accordance with the amendment to the Provisions Regulation published by the BRSA in the Official Gazette dated November 27i 2019 and numbered 30961. The amount of loans corresponding to the first part of the loan and the provisions set aside for these have been written off. After the loans are written off, the Bank's NPL ratio decreased from 4.16% to 3.97%.

Uncollectible loans and other receivables are collected through liquidation of collaterals and legal follow-up.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Information on non-performing loans and other receivables in foreign currencies

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - December 31, 2021			
Balance at the end of the period	11,300	437,240	5,037,148
Provision (-)	4,711	104,367	4,071,240
Net balance on balance sheet	6,589	332,873	965,908
Prior Period -OYILSONU#			
Balance at the end of the period	271,318	1,362,554	4,321,107
Specific provision (-)	169,359	740,044	3,413,489
Net balance on balance sheet	101,959	622,510	907,618

Non-performing foreign currency denominated loans are followed in TL accounts.

The gross and net amounts of non-performing loans according to user groups

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period - December 31, 2021			
Current Period (Net)	574,125	1,176,936	2,770,459
Consumer and Commercial Loans (Gross)	1,105,245	2,154,140	15,857,216
Provision (-)	531,120	977,208	13,086,778
Consumer and Commercial Loans (Net)	574,125	1,176,932	2,770,438
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	335	12	22,980
Specific Provision (-)	335	8	22,959
Other Loans and Receivables (Net)	-	4	21

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Prior Period - December 31, 2020			
Prior Period (Net)	199,186	1,046,669	2,966,416
Consumer and Commercial Loans (Gross)	519,481	2,402,239	14,982,098
Provision (-)	320,297	1,355,573	12,015,700
Consumer and Commercial Loans (Net)	199,184	1,046,666	2,966,398
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1,136	1,407	23,810
Provision (-)	1,134	1,404	23,792
Other Loans and Receivables (Net)	2	3	18

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021
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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Information on interest accruals, rediscounts and valuation differences calculated for non-performing loans by banks allocating expected credit losses according to TFRS 9 and their provisions.

	Group III	Group IV	Group V
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period (Net) - December 31, 2021	41,802	87,321	398,494
Interest accruals and valuation differences	90,626	199,687	1,881,468
Provision (-)	48,824	112,366	1,482,974
Prior Period (Net) - December 31, 2020	10,442	84,433	658,148
Interest accruals and valuation differences	25,935	201,036	1,786,371
Provision (-)	15,493	116,603	1,128,223

6. Information on financial assets measured at amortized cost

Information on measured at amortized cost government debt securities

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Government bonds	48,358,190	15,883,492	44,159,655	7,895,261
Treasury bills	-	-	-	-
Other securities issued by the governments	-	9,293,290	-	6,447,138
Total	48,358,190	25,176,782	44,159,655	14,342,399

Information on financial assets measured at amortized cost

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Debt Securities	73,861,983	58,747,252
Quoted at stock exchanges	73,593,922	58,598,242
Unquoted at stock exchanges	268,061	149,010
Impairment losses (-)	-	-
Total	73,861,983	58,747,252

(*) Changes in amortized costs of the marketable securities also include rediscount differences in marketable securities.

The movement table of the financial assets measured at amortised cost

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Balances at the beginning of the period	58,747,252	47,014,633
Foreign currency differences on monetary assets	9,987,748	3,415,268
Purchases during the period	1,418,048	10,980,105
Disposals through sales/redemptions	(2,975,048)	(5,718,504)
Change in Impairment losses	-	-
Change in amortized costs of the securities (*)	6,683,983	3,055,750
Balances at the end of the period	73,861,983	58,747,252

(*) Changes in amortized costs of the marketable securities also include rediscount differences in marketable securities.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Information on accounts related to financial assets measured at amortized cost

	Cost		Carrying Value	
Current Period - December 31, 2021	TL	FC	TL	FC
Collateralized/blocked investment securities	3,724,514	8,171,526	5,222,046	8,553,080
Investments subject to repurchase agreements	28,266,611	14,139,847	42,200,956	14,987,420
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	719,513	1,576,739	994,138	1,904,343
Total	32,710,638	23,888,112	48,417,140	25,444,843

(*) The securities held as free that are not subject to collateral/blockage or other transactions are presented in the “Other” line.

	Cost		Carrying Value	
Prior Period - December 31, 2020	TL	FC	TL	FC
Collateralized/blocked investment securities	5,025,295	4,255,426	7,421,128	4,522,402
Investments subject to repurchase agreements	23,856,260	9,231,311	28,591,836	9,566,589
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Other (*)	5,366,141	433,569	8,205,641	439,656
Total	34,247,696	13,920,306	44,218,605	14,528,647

(*) The securities held as free that are not subject to collateral/blockage or other transactions are presented in the “Other” line.

7. Investments in associates

Unconsolidated investments in associates

	Title	Address (City/ Country)	Parent Bank’s Share – If Different, Voting Rights (%)	Bank Risk Group’s Share (%)
1	Roketsan Roket Sanayi ve Ticaret AŞ (*)	Ankara/Türkiye	9.93	9.93
2	Bankalararası Kart Merkezi AŞ	İstanbul/Türkiye	4.75	4.75
3	KKB Kredi Kayıt Bürosu AŞ (*)	İstanbul/Türkiye	9.09	9.09
4	Güçbirliği Holding AŞ (*)	İzmir/Türkiye	0.07	0.07
5	İzmir Enternasyonal Otelcilik AŞ (*)	İstanbul/Türkiye	5.00	5.00
6	İstanbul Takas ve Saklama Bankası AŞ (*)	İstanbul/Türkiye	4.37	4.37
7	Kredi Garanti Fonu AŞ	Ankara/Türkiye	1.49	1.49
8	Türkiye Ürün İhtisas Borsası AŞ (*)	Ankara/Türkiye	3.00	3.00
9	Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ (*)	İstanbul/Türkiye	33.33	33.33
10	JCR Avrasya Derecelendirme AŞ (*)	İstanbul/Türkiye	2.86	2.86
11	Birleşik İpotek Finansmanı AŞ (*)	İstanbul/Türkiye	8.33	8.33
12	Platform Ortak Karlılı Sistemler AŞ (**)	İstanbul/Türkiye	20.00	20.00
13	Tasfiye Halinde World Vakıf UBB Ltd. (***)	Lefkoşa/KKTC	83.00	83.59

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/(Loss)	Prior Period’s Profit/Loss	Fair Value
1	10,624,267	3,333,806	1,387,768	31,871	-	783,247	235,009	15,839,000
2	397,536	328,592	96,050	27,498	-	93,651	35,413	-
3	544,660	339,776	297,247	13,036	-	47,719	48,549	-
4	133,569	(73,530)	88,096	3,782	-	21,149	(28,485)	-
5	80,377	(272,464)	75,401	-	-	(67,129)	(87,402)	-
6	31,274,420	3,002,208	162,283	528,839	76,573	655,999	359,199	-
7	1,123,996	868,953	19,242	58,949	-	87,977	138,849	-
8	102,273	89,489	25,829	10,162	-	28,767	13,078	-
9	202,521	165,159	70,205	9,281	-	6,173	168	-
10	82,592	73,849	28,099	2,043	-	46,508	(1,399)	-
11	55,060	52,696	2,535	6,976	-	2,508	70	-
12	5,711	5,682	38	1,263	-	918	(464)	-
13	1,131	(220,178)	-	167	-	(24,010)	(18,232)	-

(*) The financial statement information provided for these associates is taken from the financial statements dated September 30, 2021.

(***)The financial statement information provided for these associates is taken from the financial statements dated December 31, 2019.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

In the prior period, it has been decided to increase the paid-in capital of the Parent Bank's subsidiary, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ, from TL 26,000 to TL 145,000. For the part of TL 104,987 was funded through paid capital increase and the part of TL 14,013 was funded from internal resources. After the capital increase, the share which corresponds to the Parent Bank was TL 34,992.

In the prior period, it has been decided to increase the capital of Birleşik İpotek Finansmanı from TL 10,000 to TL 50,000. The share amounting to TL 3,333 corresponds to the share of the Parent Bank.

In the prior period, the difference amounting to TL 32 corresponds to the Parent Bank's share due to the corrections made in the JCR Avrasya Rating AŞ’s paid in capital records.

In the prior period, at the Ordinary General Assembly of one of the Parent Bank's affiliates Bankalararası Kart Merkezi, it has been decided to increase firm's capital from TL 30,000 to TL 177,493, by funding TL 56,950 of it internally and for the part of TL 90,543 by increasing the pre-emptive rights of the existing shareholders. The bonus share amounting to TL 5,522 corresponds to the Parent Bank’s share.

In the prior period, the Parent Bank's subsidiaries in Türkiye Ürün İhtisas Borsası AŞ's Ordinary General Meeting held on March 2, 2020, it was decided to reduce the company's paid-in capital from TL 100,000 to TL 50,000. The remaining capital debt in the current period has been paid.

In the prior period,Türkiye Varlık Fonu joined to Platform Ortak Kartlı Sistemler AŞ on February 12, 2020, as a new shareholders. Due to the transfer of TL 1,400 from the Parent Bank's nominal capital share of TL 7,000 to TVF, the nominal capital share of the Parent Bank has decreased to TL 5,600. In addition, amounting to TL 350 share was sold of the Parent Bank’s capital share.

In the prior period, PTT AS joined the Platform Ortak Kartlı Sistemler AŞ as a new shareholders on June 3, 2020. Nominal share of capital has decreased to TL 4,200 due to the transfer of the Parent Bank's nominal share part of TL 1,400 of TL 5,600 to PTT AŞ In addition, amounting to TL 350 share was sold of the Parent Bank’s capital share.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Unconsolidated associates, reasons for not consolidating such investments and accounting treatments applied for such investments:

İstanbul Takas ve Saklama Bankası AŞ, Kredi Garanti Fonu AŞ and Birleşik İpotek Finansmanı AŞ have not been consolidated since their total assets and net operating profit/loss) individually or as a whole, do not comprise a material portion within the consolidated totals. Since Bankalararası Kart Merkezi AŞ, Kredi Kayıt Bürosu AŞ, Roketsan Roket Sanayi ve Ticaret AŞ, Güçbirliği Holding AŞ, İzmir Enternasyonel Otelcilik AŞ, Platform Ortak Kartlı Sistemler AŞ, Türkiye Ürün İhtisas Borsası AŞ, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ and JCR Avrasya Derecelendirme AŞ are not financial associates; these associates have not been consolidated. These associates have been accounted for as per TAS-39 in the consolidated financial statements in accordance with TFRS 9.

Consolidated investments in associates

		Parent Bank’s Share – If Different, Voting Rights (%)	Bank Risk Group’s Share (%)
Title		Address (City/ Country)	
1	Kıbrıs Vakıflar Bankası Ltd.	Lefkoşa/KKTC	15.00
2	Türkiye Sınai Kalkınma Bankası AŞ	İstanbul/Turkey	8.38

		Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year’s Profit/Loss	Prior Period’s Profit/Loss	Fair Value
Total Assets	Equity						
1	2,412,322	131,233	9,214	177,649	4,746	20,690	15,695
2	61,775,687	6,751,364	1,397,066	2,357,953	754,460	774,602	528,164
							4,040,400

Movement of consolidated investments in associates

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Balance at the beginning of the period	428,622	297,263
Movements during the period	(79,519)	131,359
Transfers	-	-
Acquisitions	-	-
Bonus shares received	-	-
Share of current year profit	-	-
Sales/liquidations	-	-
Fair value changes	-	131,359
Impairment losses	(79,519)	-
Balance at the end of the period	349,103	428,622
Capital commitments	-	-
Share percentage at the end of period (%)	-	-

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Sectoral distribution of consolidated investments and associates

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Banks	349,103	428,622
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Financing companies	-	-
Other financial associates	-	-
Total	349,103	428,622

Quoted associates

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Quoted at domestic stock exchanges	338,484	418,003
Quoted at international stock exchanges	-	-
Total	338,484	418,003

Investments in associates disposed during the period

In the current period, all of the 39.30% shares owned by the Parent Bank in Keskinöğlü Tavukçuluk ve Damız İşletmeleri Sanayi ve Ticaret AŞ, which was followed under the Subsidiaries Account in the Bank's balance sheet, was transferred to T.C. Ziraat Bankası AŞ and the Bank does not have any shares left in the company as of January 8, 2021.

Investments in associates acquired during the period

There are no affiliates purchased in the current period.

In the prior period, the Parent Bank became a shareholder of Keskinöğlü Tavukçuluk ve Damızlık İşletmeleri Sanayi Ticaret AŞ on 3 September 2020 with a capital of TL 110,000. The Parent Bank’s nominal share in the capital is TL 45,952 and share ratio is 41.77%.

In the prior period, the Parent Bank transferred 2.47% of its shares in Keskinöğlü Tavukçuluk ve Damız İşletmeleri Sanayi Ticaret AŞ, one of its subsidiaries, to the former shareholders upon the Board of Directors decision taken by the Company.

In the prior period, the Parent Bank has participated in establishment of the Birleşik İpotek Finansmanı AŞ., which was established with a capital of TL 10,000. The nominal share of the Parent Bank is TL 833 and the share rate is 8.33%. Transactions regarding the establishment of the company were registered in the trade registry on March 17, 2020.

In the prior period, the Parent Bank has become a shareholder to Bileşim Finansal Teknolojiler ve Ödeme Sistemleri AŞ with 33.33% share ratio, in 7 February 2020, by the share transfer agreement signed with the Türkiye Halk Bankası AŞ for the nominal shares of TL 8,666. The share amounting to TL 27,997 corresponds to the Parent Bank’s share.

In the prior period, the Parent Bank became a partner of JCR Avrasya Derecelendirme AŞ. With a capital of TL 1,000 on January 17, 2020. The nominal share in the capital is TL 29 and the share rate is 2.86%. The Parent Bank's share in the capital will be paid in two installments. 3/4 of the amount hitting the Parent Bank’s share has been paid in cash, and the remaining 1/4 must be paid within six months of the first installment closing date. The Parent Bank has paid to JCR Avrasya Rating AŞ the second remaining installment of undertaken capital as of 30 June 2020. The amount of 689 TL, wich corresponds to one fourth of the Bank’s share, is shown under Purchases in the movement table of subsidiaries.

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TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI AND ITS FINANCIAL SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2021
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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

8. Investments in subsidiaries

Information on significant subsidiaries

	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kıymet Yat. Ort. AŞ
Current Period - December 31, 2021	311,248	468,895	150,000	350,000	1,000,000	30,000
Paid in Capital	-	13,232	137	-	322,717	121
Share Premium	-	-	-	-	301,118	28
Equity share premiums	-	-	-	-	-	-
Share cancellation profits	-	-	-	-	-	-
Other capital reserves	-	13,232	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss	-	27,067	10,720	5,594	(187)	(36)
Other accumulated comprehensive income that will be reclassified in profit or loss	2,203,220	-	-	-	-	-
Profit Reserves	21,149	64,612	151,446	118,794	145,336	408
Legal Reserves	21,149	14,333	33,808	23,191	11,781	395
Statutory reserves	-	-	-	-	-	-
Extraordinary Reserves	-	50,279	42,588	95,603	133,008	13
Other Profit Reserves	-	-	75,050	-	547	-
Profit/Loss	153,745	88,836	206,348	84,425	159,988	1,669
Prior Period's Profit/Loss	68,433	(65,147)	4,081	(41,420)	6,752	(1,401)
Current Period's Profit/Loss	85,312	153,983	202,267	125,845	153,236	3,070
Minority Rights	-	-	-	-	-	-
Total Core Capital	2,689,362	662,642	518,651	558,813	1,627,854	32,162
SUPPLEMENTARY CAPITAL	-	-	-	-	-	-
CAPITAL	2,689,362	662,642	518,651	558,813	1,627,854	32,162
NET AVAILABLE EQUITY	2,689,362	662,642	518,651	558,813	1,627,854	32,162

Financials that are based to consolidation as of December 31, 2021 are considered.

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

	Prior Period – December 31, 2020	Vakıfbank International AG	Vakıf Finansal Kiralama AŞ	Vakıf Yatırım Menkul Değerler AŞ	Vakıf Faktoring AŞ	Vakıf Gayrimenkul Yat. Ort. AŞ	Vakıf Menkul Kymet Yat. Ort. AŞ
Paid in Capital		311,248	200,000	100,000	250,000	460,000	30,000
Share Premium		-	9,044	137	-	300,577	121
Equity share premiums		-	-	-	-	278,978	28
Share cancellation profits		-	-	-	-	-	-
Other capital reserves		-	9,044	137	-	21,599	93
Other accumulated comprehensive income that will not be reclassified in profit or loss		-	31,506	(628)	4,397	(13)	(40)
Other accumulated comprehensive income that will be reclassified in profit or loss		1,207,608	-	11,637	-	-	-
Profit Reserves		17,882	54,290	23,089	120,688	130,828	408
Legal Reserves		17,882	11,317	10,390	18,286	9,056	395
Statutory reserves		-	-	-	-	-	-
Extraordinary Reserves		-	42,973	12,699	102,402	121,225	13
Other Profit Reserves		-	-	-	-	547	-
Profit/Loss		100,665	1,455	281,938	67,998	61,260	(1,399)
Prior Period's Profit/Loss		42,062	(57,263)	124,550	(18,796)	10,351	(1,737)
Current Period's Profit/Loss		58,603	58,718	157,388	86,794	50,909	338
Minority Rights		-	-	-	-	-	-
Total Core Capital		1,637,403	296,295	416,173	443,083	952,652	29,090
SUPPLEMENTARY CAPITAL		1,637,403	296,295	416,173	443,083	952,652	29,090
NET AVAILABLE EQUITY		1,637,403	296,295	416,173	443,083	952,652	29,090

Financials that are based to consolidation as of December 31, 2020 are considered.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

CONSOLIDATED ACTIVITY REPORT AS OF DECEMBER 31, 2021

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Vakıf Yatırım Menkul Değerler AŞ, a subsidiary, measures the capital sufficiency status every six months as an independent audit, in line with the “Communiqué on the Principles of the Capital and Capital Adequacy of Intermediary Agencies” Serial: V, No:34 of the Capital Markets Board. According to the calculations at December 31, 2021, there is no capital requirement for the subsidiaries mentioned.

Unconsolidated investments in subsidiaries

Title	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Vakıf Enerji ve Madencilik AŞ (*)	Ankara/Turkey	65.50	80.48
2 Taksim Otelcilik AŞ (*)	İstanbul/ Turkey	51.00	51.00
3 Vakıf Pazarlama Sanayi ve Ticaret AŞ (*)	İstanbul/ Turkey	86.97	88.89
4 Vakıf Gayrimenkul Değerleme AŞ (*)	İstanbul/ Turkey	97.14	97.14

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1	352,409	223,414	245,128	2,215	-	(4,077)	(3,823)	43,911
2	471,377	452,321	194,910	25,629	-	50,921	11,787	555,605
3	139,878	66,427	85,654	4,016	197	(422)	1,426	81,009
4	38,554	26,745	425	4,775	-	(8,654)	(2,377)	26,667

(*) The financial statement information provided for these subsidiaries is taken from the financial statements as of September 30, 2021.

In the current period, it has been decided to increase the capital of Taksim Otelcilik AŞ from 334,257 TL to 350,000 TL. The bonus share amounting to 8,029 corresponds to the Parent Bank's share.

In the prior period, the paid-in capital of Vakıf Gayrimenkul Değerleme AŞ, which was TL 14,000, is increased by TL 16,000 to TL 30,000. In the company's capital, the Parent Bank's nominal share increased from TL 13,600 to TL 29,143.

In the prior period, the Parent Bank has paid TL 678 for TL 400 nominal share of Vakıf Emeklilik ve Hayat AŞ, one of the partners of Vakıf Gayrimenkul Değerleme AŞ, on January 16, 2020.

Unconsolidated subsidiaries, reasons for not consolidating such investments and accounting treatments applied for such investments:

Vakıf Enerji ve Madencilik AŞ, Taksim Otelcilik AŞ, Vakıf Pazarlama Sanayi ve Ticaret AŞ, Vakıf Gayrimenkul Değerleme AŞ and Vakıf Elektronik Para ve Ödeme Hizmetleri AŞ have not been consolidated since they are not among the financial subsidiaries of the Bank. Therefore, the subsidiaries whose fair value can be reliably measured are reflected in the consolidated financial statements at their fair values.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Investments in consolidated subsidiaries

		Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
Title				
1	Vakıf Faktoring AŞ	İstanbul/Turkey	78.39	80.62
2	Vakıf Finansal Kiralama AŞ	İstanbul/Turkey	58.71	58.71
3	Vakıf Yatırım Menkul Değerler AŞ	İstanbul/Turkey	99.25	99.40
4	VakıfBank International AG	Vienna/Austria	100.00	100.00
5	Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ	İstanbul/Turkey	17.37	17.37
6	Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	İstanbul/Turkey	48.95	48.95

		Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Period's Profit/Loss	Fair Value
1	7,179,447	590,674	4,627	362,341	-	116,286	98,106	587,367	
2	6,296,924	702,444	29,674	371,352	-	128,071	60,321	1,541,500	
3	2,107,175	518,651	59,287	145	18,696	202,267	182,348	599,853	
4	13,630,500	2,627,814	1,777	191,576	-	108,269	52,828	1,369,078	
5	32,529	32,165	179	2,067	6	3,067	350	166,620	
6	4,619,815	2,441,130	1,611,186	13,082	-	474,688	118,592	1,599,000	

Movement table of consolidated investments in subsidiaries in consolidated financial statements

	Current Period – December 31, 2021	Prior Period - December 31, 2020
Balance at the beginning of the period	3,272,863	1,477,248
Movements during the period	868,772	1,795,615
Transfers	-	-
Acquisitions	426,846	207,560
Bonus shares received	175,660	102,205
Share of current year profit	-	-
Sales and liquidations	-	-
Fair value changes	848,932	1,485,850
Impairment losses	(582,666)	-
Balance at the end of the period	4,141,635	3,272,863
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

In the current period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 200,000 to TL 250,000. Bonus shares worth TL 29,356 corresponding to the Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 250,000 to TL 500,000 by an increase of TL 250,000. Shares worth TL 146,780 corresponding to the Bank's share are shown under Purchases in the movement table for subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 460,000 to TL 500,000. Bonus shares amounting to TL 18,286 corresponding to the Parent Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Gayrimenkul Yatırım Ortaklığı AŞ from TL 500,000 to TL 1,000,000 by an increase of TL 500,000. TL 280,066 worth of shares corresponding to the Parent Bank's share are shown under Purchases in the movement table for subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Yatırım Menkul Değerler AŞ from 100,000 TL to 150,000 TL. Bonus shares amounting to TL 49,625 corresponding to the Parent Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the current period, it has been decided to increase the capital of Vakıf Faktoring AŞ from TL 250,000 to TL 350,000. Bonus shares amounting to TL 78,393 corresponding to the Parent Bank's share are shown in Bonus Shares in the movement table of subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Faktoring AŞ from TL 170,000 to TL 250,000. The bonus shares amounting to TL 62,714 corresponding to the share of the Parent Bank are shown under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

In the prior period, the capital of “Vakıf Menkul Kıymet Yatırım Ortaklığı AŞ” was increased from TL 20,000 to TL 30,000. After the addition 3,314 VKFYO shares, the Parent Bank's pre-emptive right was fully exercised for TL 3,473 nominal share in the company's capital.The shares amounting to TL 1,737 corresponding to the share of the bank are shown under Acquisitions in the Movement Table of Investments in Subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Yatırım Menkul Değerler AŞ from TL 75,000 to TL 100,000. Bonus shares amounting to TL 24,813 corresponding to the share of the Parent Bank are shown under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

In the prior period, it has been decided to increase the capital of Vakıf Finansal Kiralama AŞ from TL 175,000 to TL 200,000. Bonus shares amounting to TL 14,678 corresponding to the share of the Parent Bank are included under Bonus Shares Received in the Movement Table of Investments in Subsidiaries.

In the prior period, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ's paid-in capital of TL 230,000, within the registered capital ceiling of TL 1,000,000, was increased by TL 230,000 to TL 460,000. The shares amounting to TL 148,740 corresponding to the Parent Bank's share are shown in the Acquisitions in the Movement Table of Investments in Subsidiaries.

In the current period, one of the Vakıfbank International AG partners, all of the 10% shares of Türkiye Vakıflar Bankası T.A.O. Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı was acquired by the Parent Bank for 57,083 per share, in March 24, 2020. Shares are shown in the Acquisitions in the Movement Table of Investments in Subsidiaries.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

Valuation of consolidated subsidiaries in unconsolidated financial statements

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Measured at cost	-	-
Measured at fair value (*)	4,141,635	3,272,863
Equity method of accounting	-	-
Total	4,141,635	3,272,863

(*) Valuation amounts of 31 December 2021 have been taken for the unquoted subsidiaries.

Sectoral distribution of consolidated investments in financial subsidiaries

	Current Period - December 31, 2021	Prior Period- December 31, 2020
Banks	1,369,078	935,314
Factoring companies	460,454	443,029
Leasing companies	905,048	502,224
Financing companies	-	-
Other financial subsidiaries	1,407,055	1,392,296
Total	4,141,635	3,272,863

Quoted consolidated subsidiaries

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Quoted at domestic stock exchanges	1,716,749	1,302,025
Quoted at international stock exchanges	-	-
Total	1,716,749	1,302,025

Consolidated subsidiaries disposed during the period

The Parent Bank has no subsidiaries that were disposed in the current period.

Investments in subsidiaries acquired during the period

In the current period, the Bank established Vakıf Elektronik Para ve Dağıtım Hizmetleri AŞ with a capital of 100,000 TL to operate in the field of electronic money and payment services. The company was registered in the trade registry on 25 November 2021. The Bank's share in the Company is 100% and shares worth 100,000 TL are shown under Purchases in the movement table for subsidiaries.

9. Investments in joint-ventures

There is not any investment in joint-ventures of the Group within current and prior period.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

10. Information on finance lease receivables (net)

Finance lease receivables disclosed according to remaining maturities

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	Gross	Net	Gross	Net
Less than 1 year	1,197,813	1,234,244	828,136	739,669
Between 1-4 years	3,555,711	3,004,845	2,593,089	2,209,340
Longer than 4 years	957,785	742,242	427,038	322,001
Total	5,711,309	4,981,331	3,848,263	3,271,010

Net investments in finance lease receivables

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Gross finance lease receivables	5,711,309	3,848,263
Unearned income on finance lease receivables (-)	729,978	577,253
Terminated lease contracts (-)	-	-
Net finance lease receivables	4,981,331	3,271,010

Finance lease agreements

Sum of the minimum lease payments including interest and principal amounts are stated under the “finance lease receivables” as gross. The difference between the total of rent payments and the cost of the related fixed assets is reflected to the “unearned income” account. If the lease payments are made, the lease principal amount is deducted from the “finance lease receivables” as the interest component of the payment is reflected to interest income on the consolidated statement of income.

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

12. Information on tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	2,726,395	1,380,641	230,540	2,032,789	6,370,365
Accumulated depreciation(-)	57,426	480,820	59,412	1,409,697	2,007,355
Impairment(-)	114,717	-	-	78,891	193,608
Net book value	2,554,252	899,821	171,128	544,201	4,169,402
Current Period:					
Net book value at the beginning of the current year	2,554,252	899,821	171,128	544,201	4,169,402
Additions	258,984	429,382	8,076	362,101	1,058,543
Transferred cost	969,054	-	-	-	969,054
Transferred amortisation	7,993	-	-	-	7,993
Cost of the disposals	1,030,065	221,381	6,503	38,442	1,296,391
Depreciation of the disposals (-)	60	32,692	3,289	16,054	52,095
Depreciation of the current year	9,785	274,851	41,975	155,146	481,757
Impairment (-)	184,585	-	-	167,713	352,298
Exchange differences related to foreign associates	(12,339)	-	509	17,916	6,086
Cost at the end of the current year	2,912,029	1,588,642	232,622	2,374,364	7,107,657
Accumulated depreciation at the end of the year (-)	59,158	722,979	98,098	1,548,789	2,429,024
Impairment (-)	299,302	-	-	238,280	537,582
Net book value at the end of the current year	2,553,569	865,663	134,524	587,295	4,141,051

13. Information on intangible assets

Group's intangible assets consist of computer softwares and licences. The estimated useful life or depletion share of intangible assets is five years. Intangible assets are amortized on a straight-line basis over the estimated useful lives. The Parent Bank divides the depletion share of intangible assets according to inflation adjusted values.

There is not any intangible asset that is important for fullest extend of financial statements.

Group does not have any intangible asset that is collateral or acquired by government promotion and has a limitation on usage.

The Parent Bank did not declared a commitment to purchase intangible assets.

14. Information on investment properties

As of December 31, 2021, there are investment properties with a net balance sheet value of TL 972,154 (31 December 2020: TL 502,143) and a fair value of TL 1,594,627 (31 December 2020: TL 867,782), belonging to the Parent Bank's subsidiary operating in the real estate investment trust.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

15. Information on tax assets

a) Current tax assets

As at December 31, 2021 there is no current tax asset of the Group (December 31, 2020: None).

b) Deferred tax assets

The deferred tax asset of the Bank as of December 31, 2021 is TL 72,767 (December 31, 2020: TL 1,234,832). Information on deferred tax liability V. Section II. Section 8 is shown in footnote.

The deferred tax asset / liability schedule as of December 31, 2021 and December 31, 2020 is as follows:

	Current Period - December 31, 2021	Prior Period - December 31, 2020
As of 1 January	1,177,204	769,626
Deferred tax income/(loss)	(896,058)	460,368
Deferred tax that is accounted under Equity	(241,344)	(24,877)
Other	18,246	(27,913)
Deferred tax asset/(liability)	58,048	1,177,204

The reconciliation of the deferred tax on the assets directly related to the equity is as follows as of December 31, 2021 and December 31, 2020:

	Current Period December 31, 2021	Prior Period December 31, 2020
Financial assets at fair value through other comprehensive income	(216,847)	(10,853)
Associates and subsidiaries	(37,800)	(10,202)
Tangible assets	333	(22,773)
Actuarial gains and losses	12,970	18,951
Total	(241,344)	(24,877)

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED ASSETS (Continued)

16. Information on assets held for sale and assets related to the discontinued operations

As of December 31, 2021, the cost of property and equipment held for sale purpose and related to discontinued operations are TL 756,999 (December 31, 2020: TL 1,263,718), and the provision for impairment is TL 1,746 (December 31, 2020: TL 7,467). There are no other assets held for sales and discontinued operations. (31 December 2020: TL 3.)

17. Information on other asset

As of December 31, 2021, and December 31, 2020, “Other Asset” item does not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

18. Information on expected loss provisions for financial assets

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Balances with the Central Bank	1,532	990
Banks	12,853	1,878
Total	14,385	2,868
Financial Assets Measured at Amortized Cost	8,247	6,596
Total	22,632	9,464

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES

1. Information on maturity profile of deposits

Current Period December 31, 2021	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	15,231,477	-	11,559,594	46,268,755	10,470,493	1,432,528	1,827,314	9,738	86,799,899
Foreign currency deposits	67,643,026	-	51,026,724	149,584,017	7,492,896	5,620,206	14,354,238	-	295,721,107
Residents in Turkey	63,112,972	-	50,374,815	144,540,887	6,023,351	3,303,784	5,794,328	-	273,150,137
Residents in abroad	4,530,054	-	651,909	5,043,130	1,469,545	2,316,422	8,559,910	-	22,570,970
Public sector deposits	13,816,572	-	8,028,818	8,796,107	920,075	372,760	125,928	-	32,060,260
Commercial deposits	10,981,552	-	29,169,742	34,593,719	2,239,806	917,073	138,202	-	78,040,094
Other	11,570,970	-	4,063,921	20,653,480	3,433,962	445,265	336,249	-	40,503,847
Precious metal deposits	26,593,579	-	-	14,891	-	2,585,813	262,572	-	29,456,855
Bank deposits	1,887,223	-	17,814,826	13,011,031	-	67,299	447,537	-	33,227,916
Central Bank	1,625	-	-	-	-	-	-	-	1,625
Domestic banks	1,115,251	-	17,098,189	2,192,613	-	-	-	-	20,406,053
Foreign banks	529,713	-	716,637	10,818,418	-	67,299	447,537	-	12,579,604
Participation banks	240,634	-	-	-	-	-	-	-	240,634
Other	-	-	-	-	-	-	-	-	-
Total	147,724,399	-	121,663,625	272,922,000	24,557,232	11,440,944	17,492,040	9,738	595,809,978

Prior Period December 31, 2020	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving deposits	10,033,091	-	9,141,056	49,160,575	1,414,287	309,055	717,266	8,924	70,784,254
Foreign currency deposits	26,859,937	-	23,889,457	101,011,849	4,568,016	3,449,062	10,501,869	-	170,280,190
Residents in Turkey	24,609,233	-	23,495,452	98,182,126	3,659,298	1,956,144	3,640,307	-	155,542,560
Residents in abroad	2,250,704	-	394,005	2,829,723	908,718	1,492,918	6,861,562	-	14,737,630
Public sector deposits	9,869,935	-	16,555,520	9,056,028	835,740	172,860	122,980	-	36,613,063
Commercial deposits	6,887,624	-	24,052,710	31,747,855	199,071	510,308	271,607	-	63,669,175
Other	9,124,141	-	2,401,792	20,331,158	1,278,713	362,348	851,775	-	34,349,927
Precious metal deposits	17,226,185	-	2,231	4,909	-	1,385,635	173,116	-	18,792,076
Bank deposits	1,636,729	-	14,161,699	6,881,876	322,934	29,959	-	-	23,033,197
Central Bank	3,418	-	-	-	-	-	-	-	3,418
Domestic banks	687,760	-	13,871,431	1,180,543	322,934	-	-	-	16,062,668
Foreign banks	253,385	-	290,268	5,701,333	-	29,959	-	-	6,274,945
Participation banks	692,166	-	-	-	-	-	-	-	692,166
Other	-	-	-	-	-	-	-	-	-
Total	81,637,642	-	90,204,465	218,194,250	8,618,761	6,219,227	12,638,613	8,924	417,521,882

(*) Savings deposit balance, includes TL 8,958,208 “Turkish Lira Time Deposits with Currency Protection”, which was opened within the scope of the announcement of the Ministry of Treasury and Finance dated 24 December 2021 and TL 1,231,731 opened within the scope of the product" Currency Conversion Currency Protected Turkish Lira Time Deposits" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696.

Information on saving deposits insured by Saving Deposit Insurance Fund and the total amounts of the deposits exceeding the insurance coverage limit

	Current Period – December 31, 2021		Prior Period - December 31, 2020	
	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit
Saving deposits	38,157,515	48,642,384	34,549,132	36,235,122
Foreign currency saving deposits	35,113,479	119,335,680	26,578,612	57,449,267
Other saving deposits	-	-	-	-
Foreign branches’ deposits under foreign insurance coverage	-	-	-	-
Off-Shore deposits under foreign insurance coverage	-	-	-	-
Total	73,270,994	167,978,064	61,127,744	93,684,389

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

Saving deposits out of insurance coverage limits

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Deposits and other accounts at foreign branches	127,496	68,685
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	17,472	9,753
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/9/2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purpose

Negative differences related to the derivative financial liabilities held for trading purpose

	Current Period- December 31, 2021		Prior Period- December 31, 2020	
	TL	FC	TL	FC
Forwards	1,167,111	3,555	46,128	1,739
Swaps	428,039	3,702,220	4,013,676	2,019,300
Futures	-	-	-	-
Options	14,062	175,291	1,367	1,091
Other	-	-	-	-
Total	1,609,212	3,881,066	4,061,171	2,022,130

3. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	484,900	1,791,814	162,800	1,346,184
Domestic banks and institutions	2,839,703	9,120,177	1,947,294	8,931,538
Foreign banks, institutions and funds	182,724	84,017,353	340,202	38,960,977
Total	3,507,327	94,929,344	2,450,296	49,238,699

b) Maturity information of funds borrowed

	Current Period - September 30, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Short-term ^(*)	2,953,951	4,334,216	1,893,582	3,569,660
Medium and Long-term ^(*)	553,376	90,595,128	556,714	45,669,039
Total	3,507,327	94,929,344	2,450,296	49,238,699

^(*) Maturity profile of funds borrowed is prepared in accordance to their original maturities.

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for %10.10 (December 31, 2020: %7.77) of the Group’s liabilities. There is no risk concentration on funding sources of the Group.

On December 21, 2021, the Bank signed a contract to obtain a 3-year loan worth CNY 3.5 Million from the Development Bank of China, to be used within the framework of general financing needs along with the financing of foreign trade.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

Syndicated Loans Receive

Beginning From	Maturity (Days)	Currency	Amount (Millions)	Interest rate	Coordinator Bank	Agent Bank
9 December 2021	367	USD	296	Libor+2.15%	The Commercial Bank (P.S.Q.C.) First Abu Dhabi Bank (P.J.S.C.) Emirates NBD Bank (P.J.S.C)	Emirates NBD Bank (P.J.S.C).
	367	EUR	313,5	Euribor+1.75%	The Commercial Bank (P.S.Q.C.) Emirates NBD Bank (P.J.S.C) The Commercial Bank (P.S.Q.C.)	Emirates NBD Bank (P.J.S.C)
10 May 2021	367	USD	237,5	Libor + 2.50%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) MUFG Bank Standard Chartered Bank	Mizuho Bank
	367	EUR	691,3	Euribor + 2.25%	Abu Dhabi Commercial Bank Emirates NBD Bank (P.J.S.C) MUFG Bank Standard Chartered Bank	Mizuho Bank

Securitisation Loans Received

Beginning From	Due date	Currency	Amount (USDMillions) ^(*)	Loan Type
13 May 2011	15 June 2023	USD	346,5	Based on international remittance flows
4 May 2018	15 March 2023	USD/EUR	380 ^(**)	Based on international remittance flows
5 October 2018	15 September 2028	USD	300	Based on international remittance flows / Based on treasury financing transactions
15 October 2019	15 December 2026	USD	417	Based on international remittance flows / Based on treasury financing transactions
22 March 2021	15 March 2027	USD	461,5	Based on international remittance flows / Based on treasury financing transactions
	15 March 2028	USD	200	Based on international remittance flows / Based on treasury financing transactions
	15 March 2026	USD	508	Based on international remittance flows / Based on treasury financing transactions
	15 March 2026	EUR	200	Based on international remittance flows
	15 September 2026	USD	154	Based on international remittance flows / Based on treasury financing transactions
	15 March 2026	EUR	50	Based on international remittance flows
	15 March 2026	USD	115,4	Based on international remittance flows / Based on treasury financing transactions

^(*) In the table, the relevant loan amounts are stated over each foreign currency amount.

^(**) In the table, the amounts in the relevant credit tranches are given in USD.

As of December 31, 2021, the total securitization balance is equivalent of USD 1,689 million and EUR 337 million. (December 31, 2020: USD 1,175 million and EUR 168 million).

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

Information on securities issued

On 5 February 2020, a new bond issuance amounting to USD 750 million with 5-year maturity, 5.25 percent coupon rate and 5.375 percent final return rate was realized. In the transaction, the largest bond issue in the history of the bank, US \$ 4.3 billion has been collected worldwide.

As of December 8, 2020 with 5 year maturity date, the yield and the coupon rate has been set at 6.625% and 6.5% respectively amounting to USD 750 Million which is the first Sustainable Eurobond issuance among deposit banks in Turkey.

The Bank completed its second Sustainable bond issuance on September 16, 2021, within its sustainable finance program. The transaction was made with an amount of USD 500 million, maturity of 5 years, coupon rate of 5.50 and final rate of return of 5.625 percent.

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Current Period - December 31, 2021				
Nominal	6,124,552	5,180,500	870,290	49,466,408
Cost	5,922,474	5,180,500	869,722	49,272,954
Net Book Value	6,031,337	5,301,471	871,154	50,333,665

	TL		FC	
	Short Term	Medium-Long Term	Short Term	Medium-Long Term
Prior Period - December 31, 2020				
Nominal	5,994,740	5,180,500	2,177,273	32,330,350
Cost	5,837,483	5,180,500	2,175,570	32,178,202
Net Book Value	5,960,553	5,301,603	2,188,163	32,704,204

4. Components of “other external resources payable” in the consolidated financials that comprise at least 20% of the account, if the account exceeds 10% of total liabilities and equity excluding off-balance sheet commitments.

Other external resources payable in the consolidated financials do not exceed 10% of total liabilities and equity.

5. Criteria used in the determination of lease instalments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

Obligations under finance leases

The amounts recognized under TFRS 16 as of December 31, 2021 and December 31, 2020 are presented below.

Current Period – December 31, 2021	Service Buildings	Vehicles	Total
Lease payables	1,436,078	60,517	1,496,595
Deferred rental expenses(-)	527,727	10,275	538,002
Lease payables (Net)	908,351	50,242	958,593
Right of use assets	817,913	47,750	865,663

Prior Period - December 31, 2020	Service Buildings	Vehicles	Total
Lease payables	1,326,014	23,835	1,349,849
Deferred rental expenses(-)	368,083	3,031	371,114
Lease payables (Net)	957,931	20,804	978,735
Right of use assets	880,554	19,267	899,821

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

Short term lease contracts with a duration of 12 months or less and lease contracts for ATMs that are determined to be of low value by the Bank have been evaluated within the scope of the exemption recognized by the standard, and payments for these contracts are recorded as expense in the period they occur. In this context, TL97, 072 of lease payments were made in the related period. (December 31, 2020: TL 81,040).

	Current Period - December 31, 2021		Prior Period-December 31, 2020	
	Gross	Net	Gross	Net
Under 1 year	50,901	46,361	24,659	23,607
1-4 Years	367,671	300,266	343,787	297,010
Over 4 years	1,078,023	611,966	981,403	658,118
Total	1,496,595	958,593	1,349,849	978,735

With the “TFRS 16 Leases” standard, effective as of January 1, 2019, the difference between operational lease and financial lease has been eliminated, and leasing transactions have started to be disclosed under the “liabilities from leasing transactions” line.

6. Information on derivative financial liabilities held for risk management purpose

Negative differences related to the derivative financial liabilities held for risk management purpose

None.

7. Information on provisions

Information on employee rights

According to the TAS-19- Judgments of benefits that are provided to employees, bank accounts and calculate provision to obligations of severance pay and allowance rights.

As of December 31, 2021, TL 998,880 (December 31, 2020: TL 794,007) provision for severance pay and TL 104,852 (December 31, 2020: TL 93,669 provision for unused vacation are stated in financial statements under employee rights provision.

Movement of severance pay provision in the period:

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Opening balance	794,007	608,319
Current service cost	77,524	60,556
Previous service cost	377	37
Interest cost	97,427	70,181
Paid compensation	(40,527)	(39,516)
Payment/Reduction of benefits/Layoff accordingly composed loss/(gain)	2,055	103
Actuary loss/(gain)	65,121	93,439
Net foreign exchange differences from foreign subsidiaries	2,896	888
Closing balance	998,880	794,007

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

Information on pension rights

The technical financial statements of the Fund are audited by an actuary registered in the actuarial registry in accordance with Article 21 of the Insurance Law No. 5684 registered to "Actuarial Regulation" issued pursuant to this article. Based on the actuarial report dated January 2022, neither technical nor actual deficit has been identified that requires provisioning.

Transferable retirement and health liabilities	Current Period - December 31, 2021	Prior Period - December 31, 2021
Net Present Value of Transferable Retirement Liabilities	(10,570,828)	(9,103,430)
Net Present Value of Transferable Retirement and Health Contributions	10,470,302	7,319,847
General Administration Expenses	(105,708)	(91,034)
Present Value of Pension and Medical Benefits Transferable to SSF (1)	(206,234)	(1,874,618)
Fair Value of Plan Assets (2)	7,215,596	6,577,453
Asset Surplus over Transferable Benefits ((2)-(1)=(3))	7,009,362	4,702,835

Actuarial assumptions used in valuation of Non Transferable Benefits based on TAS 19 are as follows:

Discount Rates	Current Period - December 31, 2021	Previous Period - December 31, 2020
Benefits Transferable to SSI	%9.80	%9.80
Non Transferable Benefits	%2.50	%2.50

Distribution of total assets of the Retirement Fund as of December 31, 2021 and December 31, 2020 is presented below:

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Bank placements	4,183,613	2,462,572
Government Bonds and Treasury Bill, Fund and Accrual		
Interest Income	518,000	1,476,099
Tangible assets ^(*)	2,232,947	2,387,853
Other	281,036	250,929
Total	7,215,596	6,577,453

^(*) As of 31 December 2021, the value of the fixed assets are shown considering the fair value of the properties owned instead of the balance sheet value.

Provision for currency exchange loss on foreign currency indexed loans

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Provision for currency exchange loss on foreign currency indexed loans	8,963	7,594

Provisions for non-cash loans that are not indemnified and not converted into cash

As of December 31, 2021 the Parent Bank has recorded TL 44,305 (December 31, 2020: TL 43,756) as provisions for non-cash loans that are not indemnified or converted into cash.

Information on provision for probable risks

As of December 31, 2021, the free provision in the financial statements amounted to a total of TL 1,772,000, of which is constituted by TL 700,000 in the current period and TL 1,072,000 in the prior periods. (31 December 2020: TL 1,072,000)

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

8. Taxation

Current Taxes

As at and for the year ended December 31, 2021, the tax liability of the Group is amounting to TL 127,147 (December 31, 2020: TL 396,020).

Information on taxes payable

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Corporate taxes payable	127,147	396,020
Taxation on securities	372,700	283,597
Capital gains tax on property	5,763	1,561
Taxes on foreign exchange transactions	59,585	8,002
Banking and Insurance Transaction Tax (BITT)	359,635	201,314
Value added tax payable	31,105	11,758
Other	133,366	46,994
Total	1,089,301	949,246

Information on premiums payable

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Social security premiums- employee share	695	538
Social security premiums- employer share	642	597
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	32	23
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	3,153	1,476
Unemployment insurance- employer share	6,284	2,925
Other	260	-
Total	11,066	5,559

Information on deferred tax liabilities

Group's deferred tax debts as of December 31, 2021, TL 14,719 (December 31, 2020: TL 57,628).

9. Information on payables for assets held for resale and tangible assets related to discounted activities

None.

10. Information on subordinated loans

Total balance sheet value of the bonds is TL 28,968,427 as of December 31, 2021 (December 31, 2020: TL 19,458,798).

	Current Period- December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation	5,145,230	11,018,134	5,144,984	6,627,849
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	5,145,230	11,018,134	5,144,984	6,627,849
Debt instruments to be included in the additional capital calculation	1,259,521	11,545,542	1,256,477	6,429,488
Subordinated Loans	-	-	-	-
Subordinated Debt Instruments	1,259,521	11,545,542	1,256,477	6,429,488
Total	6,404,751	22,563,676	6,401,461	13,057,337

Detailed explanations on subordinated loans are given in the Section IV, "Information on Instruments to be Included in Equity Calculation".

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

11. Information on shareholders' equity

Paid-in capital

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Common stock	3,905,622	3,905,622
Preferred stock	-	-

Paid-in capital of the Parent Bank amounted to TL 3,905,622 is divided into groups comprised of 27.52% Group (A), 10.00 % Group (B), 10.35% Group (C) and 52.13% Group (D).

Board of Directors' members; three members representing Group (A), one member representing Group (B), and two members representing Group (C); among the nominees shown by the majority of each group, and one member among the nominees offered by the shareholders at the General Assembly are selected. Preference of Group (D) is primarily taken into account in the selection of the last mentioned member.

Paid-in capital amount, explanation as to whether the registered share capital system is applicable at the parent bank; if so the amount of registered share capital

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	3,905,622	10,000,000

Information on share capital increases and their sources; other information on any increase in capital shares during the current period

There is no capital and capital share increase made in the current period.

In the prior period, the Bank increased its paid-in capital from TL 2,500,000 to TL 3,905,622, provided that it is within the registered capital ceiling, based on the decision taken at the Board of Directors meeting dated 11 May 2020. Accordingly, the amendment made in the related article of the Articles of Association was registered on 9 June 2020.

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period and the general purpose of these commitments and the estimated resources required for these commitments

None.

Prior period indicators of the Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period December 31, 2021		Prior Period December 31, 2020	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	1,720,269	-	1,075,144	-
Financial assets at fair value through other comprehensive income	1,263,629	440,429	150,873	868,907
Foreign exchange differences	8,748	-	3,339	-
Total	2,992,646	440,429	1,229,356	868,907

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS

1. Disclosures related to off-balance sheet commitments

Type and amount of consolidated irrevocable commitments

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Commitments for credit card limits	30,687,962	21,320,698
Loan granting commitments	34,017,673	26,088,692
Commitments for cheque payments	7,029,711	5,723,932
Asset purchase sale commitments	13,030,758	11,842,849
Other	5,625,932	3,860,001
Total	90,392,036	68,836,172

Type and amount of possible losses from off-balance sheet items

Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral

The Parent Bank provided specific provision amounting to TL 507,691 (December 31, 2020: TL 473,440) for non-cash loans that are not indemnified or converted to cash recorded under off-balance sheet items, amounting to TL 44,305 (December 31, 2020: TL 43,756).

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period – December 31, 2021	Prior Period – December 31, 2020
Provisional letters of guarantee	3,239,783	2,300,586
Final letters of guarantee	51,344,606	26,707,408
Letters of guarantee for advances	14,848,052	6,997,981
Letters of guarantee given to custom offices	2,542,604	2,335,826
Other letters of guarantee	62,104,990	37,082,026
Total	134,080,035	75,423,827

2. Non-cash loans

	Current Period - December 31, 2021	Prior Period – December 31, 2020
Non-cash loans given for cash loan risks	44,781,413	23,475,004
<i>With original maturity of 1 year or less</i>	8,896,727	3,761,496
<i>With original maturity of more than 1 year</i>	35,884,686	19,713,508
Other non-cash loans	148,674,513	79,001,198
Total	193,455,926	102,476,202

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS (Continued)

3. Sectoral risk concentrations of non-cash loans

	Current Period - December 31, 2021				Prior Period - December 31, 2020			
	TL	%	FC	%	TL	%	FC	%
Agricultural	139,996	0.23	615,401	0.47	92,169	0.20	711,771	1.21
Farming and Cattle	124,298	0.20	537,647	0.41	85,536	0.19	663,623	1.13
Forestry	12,157	0.02	-	-	4,980	0.01	-	-
Fishing	3,541	0.01	77,754	0.06	1,653	-	48,148	0.08
Manufacturing	19,502,805	31.22	71,808,891	54.82	14,223,619	32.38	32,550,812	55.60
Mining	436,029	0.70	1,021,326	0.78	943,206	2.15	377,971	0.65
Production	12,775,324	20.45	65,154,049	49.74	8,627,927	19.64	29,210,184	49.89
Electric, gas and water	6,291,452	10.07	5,633,516	4.30	4,652,486	10.59	2,962,657	5.06
Construction	14,800,027	23.70	17,549,761	13.40	9,697,538	22.08	7,984,351	13.64
Services	26,382,572	42.25	33,902,378	25.88	18,167,717	41.36	15,093,405	25.78
Wholesale and retail trade	11,533,354	18.48	13,427,929	10.25	7,509,189	17.10	8,560,076	14.62
Hotel, food and beverage Services	599,846	0.96	863,562	0.66	399,272	0.91	596,204	1.02
Transportation and telecommunication	5,179,687	8.29	16,557,952	12.64	3,508,135	7.99	3,935,582	6.72
Financial institutions	4,841,677	7.75	1,352,144	1.03	3,595,286	8.18	315,111	0.54
Real estate and renting Services	2,180,150	3.49	1,323,085	1.01	1,652,822	3.76	1,310,291	2.24
Self-employment services	1,721,447	2.76	315,385	0.24	1,179,304	2.68	369,557	0.63
Education services	124,387	0.20	49,930	0.04	67,596	0.15	1,012	-
Health and social services	202,024	0.32	12,391	0.01	256,113	0.59	5,572	0.01
Other	1,632,327	2.60	7,121,768	5.43	1,747,901	3.98	2,206,919	3.77
Total	62,457,727	100.00	130,998,199	100.00	43,928,944	100.00	58,547,258	100.00

4. Information on the first and second group of non-cash loans

Current Period - December 31, 2021	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	59,422,198	70,763,599	1,737,613	1,649,347
Confirmed bills of exchange and acceptances	4,258	9,575,050	-	-
Letters of credit	568,389	47,986,477	-	290,283
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	117,441	277,393	-	-
Other guarantees and sureties	360,411	195,776	-	-
Non-Cash Loans	60,472,697	128,798,295	1,737,613	1,939,630

Prior Period - December 31, 2020	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	41,833,843	30,916,493	1,323,090	895,488
Confirmed bills of exchange and acceptances	4,258	5,098,493	-	-
Letters of credit	253,982	20,506,928	-	155,028
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	1,000	474,188	-	-
Other guarantees and sureties	273,733	266,238	-	-
Non-Cash Loans	42,366,816	57,262,340	1,323,090	1,050,516

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS (Continued)

5. Information on derivative transactions

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Trading Derivatives		
Foreign Currency Related		
Derivative Transactions (I)	150,532,949	120,966,766
Currency Forwards	14,493,825	3,073,644
Currency Swaps	128,757,449	116,344,721
Currency Futures	-	382,085
Currency Options	7,281,675	1,166,316
Interest Rate Derivative Transactions (II)	127,590,653	79,926,312
Interest Rate Forwards	-	-
Interest Rate Swaps	127,590,653	79,926,312
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivatives (III)	71,235,697	29,788,647
A. Total Trading Derivatives (I+II+III)	349,359,299	230,681,725
Hedging Derivatives	-	-
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency	-	-
Investments	-	-
B. Total Hedging Derivatives	-	-
Derivative Transactions (A+B)	349,359,299	230,681,725

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(Continued)

III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS (Continued)

Current Period - December 31, 2021	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	49,837,375	4,784,639	3,402,204	-	402,000	58,426,218
Sale	45,122,140	3,714,711	3,381,030	-	-	52,217,881
Currency forwards:						
Purchase	272,988	1,995,127	4,990,116	-	-	7,258,231
Sale	272,496	1,990,262	4,972,836	-	-	7,235,594
Cross currency interest rate swaps:						
Purchase	-	-	-	5,982,041	6,204,653	12,186,694
Sale	-	-	-	3,130,009	2,796,647	5,926,656
Interest rate swaps:						
Purchase	15,000	15,000	6,340,371	11,333,954	46,091,002	63,795,327
Sale	15,000	15,000	6,340,370	11,333,954	46,091,002	63,795,326
Options:						
Purchase	913,138	2,042,735	648,810	-	-	3,604,683
Sale	805,646	2,179,284	692,062	-	-	3,676,992
Trading securities:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Futures:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Other trading derivatives:						
Purchase	8,605,326	695,218	2,467,019	10,944,387	15,354,929	38,066,879
Sale	5,360,710	695,218	2,134,018	10,076,069	14,902,803	33,168,818
Total purchases	59,643,827	9,532,719	17,848,520	28,260,382	68,052,584	183,338,032
Total sales	51,575,992	8,594,475	17,520,316	24,540,032	63,790,452	166,021,267
Total	111,219,819	18,127,194	35,368,836	52,800,414	131,843,036	349,359,299

Prior Period - December 31, 2020	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	26,476,028	11,801,238	6,715,770	-	223,500	45,216,536
Sale	29,727,665	11,491,289	6,926,215	-	-	48,145,169
Currency forwards:						
Purchase	50,100	301,063	1,178,211	17,153	-	1,546,527
Sale	50,014	300,610	1,159,418	17,075	-	1,527,117
Cross currency interest rate swaps:						
Purchase	-	-	-	1,639,000	3,278,760	12,497,045
Sale	-	-	6,817,007	1,177,650	2,491,314	10,485,971
Interest rate swaps:						
Purchase	65,000	95,000	5,272,432	4,363,072	30,167,652	39,963,156
Sale	65,000	95,000	5,272,432	4,363,072	30,167,652	39,963,156
Options:						
Purchase	442,822	93,412	38,000	-	-	574,234
Sale	461,568	97,208	33,306	-	-	592,082
Trading securities:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Futures:						
Purchase	-	-	186,250	-	-	186,250
Sale	-	-	195,835	-	-	195,835
Other trading derivatives:						
Purchase	2,614,950	563,977	2,045,191	4,085,486	7,884,604	17,194,208
Sale	4,386	563,977	1,789,764	3,139,412	7,096,900	12,594,439
Total purchases	29,648,900	12,854,690	23,015,139	10,104,711	41,554,516	117,177,956
Total sales	30,308,633	12,548,084	22,193,977	8,697,209	39,755,866	113,503,769
Total	59,957,533	25,402,774	45,209,116	18,801,920	81,310,382	230,681,725

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III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ITEMS (Continued)

6. Contingent assets and liabilities

Group allocates TL 43,729 as provision for lawsuits against the Group (December 31, 2020: TL 43,699).

7. Services rendered on behalf of third parties

The Parent Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts. The Parent Bank’s custody services and banking transactions on behalf of individuals and corporate customers do not present a material portion.

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME

1. Interest income

Information on interest income received from loans

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Short-term loans	13,920,417	911,092	6,204,406	678,628
Medium and long-term loans	29,481,757	8,181,771	23,717,180	5,813,174
Non-performing loans	662,874	-	657,031	-
Premiums received from resource utilization support fund	-	-	-	-
Total	44,065,048	9,092,863	30,578,617	6,491,802

Information on interest income received from banks

	Current Period December 31, 2021		Prior Period December 31, 2020	
	TL	FC	TL	FC
Central Bank of Republic of Turkey	-	-	-	-
Domestic Banks	16,121	5,675	40,752	7,862
Foreign Banks	-	10,415	-	29,724
Foreign Head Office and Branches	-	-	-	-
Total	16,121	16,090	40,752	37,586

Information on interest income received from marketable securities portfolio

	Current Period - December 31, 2021		Prior Period - December 31, 2020	
	TL	FC	TL	FC
Financial assets at fair value through profit or loss	23,531	217,454	24,860	90,514
Financial assets at fair value through other comprehensive income	6,861,009	2,454,280	3,345,422	1,062,058
Financial assets measured at amortised cost	8,260,089	1,010,249	5,209,672	682,258
Total	15,144,629	3,681,983	8,579,954	1,834,830

Information on interest income received from associates and subsidiaries

	Current Period – December 31, 2021	Prior Period – December 31, 2020
Interest Received from Associates and Subsidiaries	4,332	-

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (Continued)

2. Interest Expense

Interest expense on funds borrowed

	Current Period – December 31, 2021		Prior Period – December, 2020	
	TL	FC	TL	FC
Banks	311,912	1,519,459	217,013	1,221,745
Central Bank of Republic of Turkey	17,505	7,059	3,324	3,161
Domestic Banks	269,767	209,949	147,200	175,010
Foreign Banks	24,640	1,302,451	66,489	1,043,574
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	70,446	-	69,959
Total	311,912	1,589,905	217,013	1,291,704

Interest expense paid to associates and subsidiaries

	Current Period – December 31, 2021	Prior Period – December 31, 2020
Interests paid to the associates and subsidiaries	18,641	48,691

Interest expense on securities issued

Interest paid to securities issued as at for the year ended December 31, 2021 is TL 6,256,561 (TL 2,730,791 and 3,525,770 FC). (December 31, 2020: TL 4,601,930 (TL 2,353,877 and 2,248,053 FC)).

Maturity structure of the interest expense on deposits

Time Deposits								
Current Period - December 31, 2021	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Cumulative deposit	Total
TL								
Interbank deposits	-	371,866	756,887	-	-	-	-	1,128,753
Saving deposits	762	1,578,025	9,318,284	406,703	174,710	206,367	745	11,685,596
Public sector deposits	36,343	905,346	1,162,027	101,172	58,270	10,175	-	2,273,333
Commercial deposits	2,009	4,180,252	5,293,222	213,160	113,171	40,389	-	9,842,203
Other deposits	56	344,756	2,587,379	484,868	281,539	164,856	-	3,863,454
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	39,170	7,380,245	19,117,799	1,205,903	627,690	421,787	745	28,793,339
FC								
Foreign Currency deposits	21,574	304,807	1,460,101	88,281	69,654	109,804	-	2,054,221
Interbank deposits	4,552	50,563	102,912	-	-	-	-	158,027
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	24	-	7,364	1,034	-	8,422
Total	26,126	355,370	1,563,037	88,281	77,018	110,838	-	2,220,670
Grand Total	65,296	7,735,615	20,680,836	1,294,184	704,708	532,625	745	31,014,009

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(Continued)

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (Continued)

Maturity structure of the interest expense on deposits (Continued)

Time Deposits								
Prior Period - December 31, 2020	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Cumulative deposit	Total
TL								
Interbank deposits	-	358,213	220,177	-	-	-	-	578,390
Saving deposits	-	1,038,790	4,328,406	197,155	31,782	207,488	783	5,804,404
Public sector deposits	11,608	1,415,586	518,925	96,913	48,357	3,197	-	2,094,586
Commercial deposits	197	1,911,666	2,540,215	71,883	72,599	84,683	-	4,681,243
Other deposits	3	176,293	1,152,718	137,070	18,037	28,009	-	1,512,130
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	11,808	4,900,548	8,760,441	503,021	170,775	323,377	783	14,670,753
FC								
Foreign currency deposits	13,368	199,120	1,284,284	63,707	22,628	102,973	-	1,686,080
Interbank deposits	5,032	62,072	38,154	-	-	-	-	105,258
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	74	-	3,572	790	-	4,436
Total	18,400	261,192	1,322,512	63,707	26,200	103,763	-	1,795,774
Grand Total	30,208	5,161,740	10,082,953	566,728	196,975	427,140	783	16,466,527

3. Dividend Income

	Current Period – December 31, 2021	Prior Period – December 31, 2020
Financial assets at fair value through profit or loss	1,253	659
Financial assets at fair value through other comprehensive income	1,789	801
Investments in Associates	20,352	16,173
Total	23,394	17,633

4. Information on trading income/losses

	Current Period – December 31, 2021	Prior Period – December 31, 2020
Income	87,769,285	57,052,753
Income from capital market operations	21,178,963	21,945,171
Income from derivative financial instruments	39,365,112	23,304,031
Foreign exchange gains	27,225,210	11,803,551
Losses	(92,023,400)	(59,389,585)
Loss from capital market operations	(20,429,591)	(20,334,166)
Loss from derivative financial instruments	(46,311,653)	(24,856,691)
Foreign exchange loss	(25,282,156)	(14,198,728)
Net trading profit/loss	(4,254,115)	(2,336,832)

Net loss arising from changes in foreign exchange rates that relate to the Group's foreign exchange rate based derivative financial instruments is amounting to TL 5,651,017 as at and for the year ended December 31, 2021 (December 31, 2020: net loss of TL (1,684,998)).

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS(Continued)

IV. INFORMATION ON AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (Continued)

5. Information on other operating income

	Current Period – December 31, 2021	Prior Period – December 31, 2020
Income from reversal of the provisions for loans from prior periods(*)	6,829,661	4,495,139
Earned insurance premiums (net of reinsurance share)	-	268,629
Communication income	22,335	16,148
Gain on sale of assets	953,567	736,126
Income from private pension business	-	39,340
Rent income	108,093	99,219
Other income(*)	662,157	1,535,567
Total	8,575,813	7,190,168

(*) In line with the Bank's write-off policy, a netting transaction amounting to TL 890,789 has been made in the item of reversing the provisions set aside in previous periods, dated December 31, 2020, and an explanation is given in the Classification Note of the Third Section.

6. Expected credit loss and other provision expenses

	Current Period – December 31, 2021	Prior Period – December 31, 2020
Expected Credit Loss	11,941,319	11,617,157
12 month expected credit loss (stage 1)	2,042,036	2,728,984
Significant increase in credit risk (stage 2)	6,344,219	4,369,396
Non-performing loans (stage 3)	3,555,064	4,518,777
Marketable Securities Impairment Expense	9,530	14,739
Financial Assets at Fair Value through Profit or Loss	1	3,005
Financial Assets at Fair Value Through Other Comprehensive Income	9,529	11,734
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	16,899	7,183
Investments in Associates	16,899	7,183
Subsidiaries	-	-
Joint Ventures	-	-
Other(*)	700,000	266,511
Total	12,667,748	11,905,590

(*) Free provision balance calculated in 2021 is TL 700,000 (December 31, 2020 TL 220,000)

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION AND DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (Continued)

7. Information on other operating expenses

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Reserve for Employee Termination Benefits	138,008	95,741
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	4,791
Depreciation Expenses on Tangible Assets	481,757	473,160
Impairment Losses on Intangible Assets	-	-
Impairment Losses on Goodwill	-	-
Amortization Expenses on Intangible Assets	47,115	37,396
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses on Assets to be Disposed	-	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	3,207,911	2,918,913
<i>Leasing expenses related toTFRS 16 exceptions</i>	92,072	81,040
<i>Repair and maintenance expenses</i>	131,627	79,918
<i>Advertisement expenses</i>	291,463	175,359
<i>Other expenses</i>	2,692,749	2,582,596
Loss on sale of assets	4,267	30,778
Other (*)	1,720,860	1,384,335
Total	5,599,918	4,945,114

(*) Other operating expenses amounted TL 1,720,860 (31 December 2020: TL 1,384,335); Dividend provision expenses to be paid to staff amounted TL 375,840 (31 December 2020: TL 349,663), TL 371,021 (31 December 2020: TL 361,665) taxes, duties, fees and funds TL 515,735 (31 December 2020: TL 451,999) SDIF expenses and TL 458,264 (31 December 2020: TL 221,008) consists of other expenses.

(**) In line with the Bank's write-off policy, a set-off transaction amounted to TL 890,789 has been made in the Other item dated 31 December 2020, and an explanation is also included in the Classification Note of the Third Section.

8. Information on income/loss from discontinued and continuing operations

Information and detailed tables on profit before tax from continuing operations are presented in disclosures 1-6 in this section. The Group has no discontinued operations.

9. Information on tax provision from discontinued and continuing operations

Information on provision for taxes on income from continuing operations is presented in disclosure 11 in this section. The Group has no discontinued operations.

10. Information on net profit/loss from discontinued and continuing operations

Information on net profit/loss from continuing operations is presented in disclosures 1-12 in this section. The Group has no discontinued operations.

11. Provision for taxes

Current year taxation benefit or charge and deferred tax benefit or charge

In the current period, the Group recorded a tax provision of TL 391,092 (December 31, 2020: TL 2,037,612) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. INFORMATION ON DISCLOSURES RELATED TO THE CONSOLIDATED STATEMENT OF INCOME (Continued)

Deferred tax charge arising from temporary differences, tax losses and unused tax credits

As of December 31, 2021, the Parent Bank's deferred tax income from the occurrence/(Closing) of deductible temporary differences is TL 1,941,524 (December 31, 2020: TL 865,218), from the taxable temporary differences(Occurrence)/Closing (2,837,582) TL (December 31, 2020: (404,389) TL) has deferred tax expense.

12. Information on net profit and loss

The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period

Group has incurred TL 73,317,046 interest income and TL 52,991,621 interest expense, also incurred TL 4,255,818 amount of net fee and commission income from its ordinary banking operations (December 31, 2020: TL 48,002,021 interest income, TL 27,607,459 interest expense, TL 2,984,080 net fee and commission income).

Any changes in estimations, that might have a material effect on current and subsequent period, is indicated

None.

13. Income/loss related to non-controlling interest

	Current Period - December 31, 2021	Prior Period - December 31, 2020
Income/(losses) related to non-controlling interest	169,840	69,927

14. Information related to the sub-accounts which constitute at least 20% of other items, in case of the components of other items in the income statement exceeding 10% of the group total

Other fees and commission income of the Group mainly consist of credit card fees and commissions, insurance commissions, research fees.

Other fees and commission expenses of the Group mainly consist of credit card fees and commissions, commission paid for funds borrowed from foreign banks.

15. Fees for services received from an independent audit firm

In accordance with the decision of the KGK dated March 26, 2021, the fees for the reporting period concerning the services acquired by the Bank from the independent auditor or independent audit firm are given in the table below, excluding VAT.

	Current Period December 31, 2021	Previous Period December 31, 2020
Independent audit fee for the reporting period	7,550,339	5,084,989
Fees for other assurance services	2,770,991	2,256,931
Total	10,321,330	7,341,920

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1. Information on increases that occur after revaluation of available-for-sale investments

Movement tables related to revaluation differences of available-for-sale investments where valuation differences arising from the fair value measurement of fair value through other comprehensive income, subsidiaries and affiliates are recorded are as follows:

Valuation Differences of Marketable Securities	Current Period – December 31, 2021	Prior Period – December 31, 2020
Valuation differences at the beginning of the year	897,478	879,787
Fair value changes in the current year	299,489	23,471
Valuation differences transferred to the statement of income	723,661	10,279
Effect of deferred and corporate taxes	(216,847)	(16,059)
Valuation differences at the end of the year	1,703,781	897,478

Valuation Difference of the Subsidiaries and Affiliates	Current Period – December 31, 2021	Prior Period - December 31, 2020
Valuation differences at the beginning of the year	865,452	671,619
Fair value changes in the current year	769,740	204,035
Valuation differences transferred to the statement of income	-	-
Effect of deferred and corporate taxes	8,030	(10,202)
Valuation differences at the end of the year	1,643,222	865,452

2. Information on increases in cash flow hedges

None.

3. Reconciliation of the beginning and end of the year balances of foreign exchange differences

None.

4. Information on correction differences of shareholders' equity accounts due to inflation

In compliance with BRSA's Circular on April 28, 2005 on ceasing the inflation accounting application, the balances resulted from the inflation accounting application as at December 31, 2004 and booked according to the Uniform Chart of Accounts and the related Articles, are transferred to the main accounts that were subject to the inflation accounting adjustments except for "capital reserves from inflation adjustments". The balance of "capital reserves from inflation adjustments" account is transferred to "other capital reserves" account. In 2006, the Bank has increased its paid in capital through "other capital reserves" by TL 605,763.

5. Information on profit distribution

At the 67th General Assembly Meeting of the Bank held on March 26, 2021, it was decided to distribute TL 5,010,456 of the distributable net period profit of 2021 totalling TL 501,046 to shareholders as legal reserves, TL 4,345,995 of it as extraordinary reserves, TL 163,415 as special funds.

6. Information on decreases of revaluation of available-for-sale investments

Revaluation differences of available-for-sale investments has resulted with increase in the current year. Detailed information about the increases is explained above in Note 1.

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DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS

1. Disclosures for “other” items in statement of cash flows and effect of change in foreign currency rates cash and cash equivalents

“Other” item under the “operating profit before changes in operating assets and liabilities” amounting to TL (12,976,593) (December 31, 2020: TL (11,324,304)) is comprised of other operating expense in the balance sheet, fees and commission expense, and cash amount of trading profit/loss.

“Net increase/decrease in other liabilities” amounting to TL 54,426,009 (December 31, 2020: TL 77,814,754) under “changes in operating assets and liabilities” is mainly comprised of find based cash outflows from repurchase agreements.

“Other” balance under “net cash flow from investing activities” amounting to TL (50,842) (December 31, 2020: TL (79,574)) is comprised of purchases of intangible assets.

When calculating exchange rate effect on cash and cash equivalents, related assests’ high turnover rate are taken into consideration. Each exchange rate’s arithmetic average of the last five days before the report date and provision of average TL that is calculated from the difference from current period’s exchange rate are reflected as an effect of exchange rate change on the cash flow statement. Except for the above-mentioned, banks that have less than three months to maturity are accepted as cash equivalents and average TL provision is calculated by difference between related operation’s per term exchange rate and current period’s exchange rate. As of December 31, 2021 impact of the exchange rate change on cash and cash equivalents is TL 5,935,716 (December 31, 2020: TL 25,608).

2. Cash flows from acquisition of associates, subsidiaries and joint-ventures

It is explained in footnotes 7 and 8 of subsidiaries and affiliates in the Section V.

3. Cash flows from the disposal of associates, subsidiaries and joint-ventures

It is explained in footnotes 7 and 8 of subsidiaries and affiliates in the Section V.

4. Information on cash and cash equivalents

Information on cash and cash equivalents at the beginning of the year

	Prior Period December 31, 2020	Prior Period December 31, 2019
Cash on hand	3,115,943	2,463,458
Cash in TL	1,699,186	1,459,578
Cash in foreign currency	1,416,757	1,003,880
Cash equivalents	52,480,104	28,629,003
CBRT	88,034,872	33,262,426
Banks	3,092,180	7,187,797
Receivables from money markets	206,589	14,535
Other(*)	2,056,427	778,708
Loans and advances to banks having maturity of more than 3 months	(73,182)	(359,791)
Restricted cash and cash equivalents	(40,835,818)	(12,245,275)
Unrealized foreign exchange rate differences on cash equivalents	(964)	(9,397)
Total	55,596,047	31,092,461

(*) As of 31 December 2020, TL 2,056,427 (31 December 2019: 778,620) and TL 1,849,161(31 December 2019: 629,403) out of TL, 207,266 (31 December 2019: 149,305) that were classified under “Other” was cash in transit and precious metals, respectively.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

CONSOLIDATED ACTIVITY REPORT AS OF DECEMBER 31, 2021

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. INFORMATION AND DISCLOSURES ON STATEMENT OF CASH FLOWS (Continued)

Information on cash and cash equivalents at the end of the year

	Current Period December 31, 2021	Prior Period December 31, 2020
Cash on hand	3,971,399	3,115,943
Cash in TL	1,953,701	1,699,186
Cash in foreign currency	2,017,698	1,416,757
Cash equivalents	95,015,922	52,480,104
CBRT	136,196,563	88,034,872
Banks	21,625,296	3,092,180
Receivables from money markets	6,917,899	206,589
Other	4,004,583	2,056,427
Loans and advances to banks having maturity of more than 3 months	(425,803)	(73,182)
Restricted cash and cash equivalents	(73,299,265)	(40,835,818)
Unrealized foreign exchange rate differences on cash equivalents	(3,351)	(964)
Total	98,987,321	55,596,047

(*) As of 31 December 2021, TL 4,004,583 (31 December 2020: 2,056,427) and TL 3,164,283 (31 December 2020: 1,849,161) out of TL, 840,300 (31 December 2021: 207,266) that were classified under “Other” was cash in transit and precious metals, respectively

5. Management comment on restricted cash and cash equivalents due to legal requirements or other reasons taking materiality principle into account

Reserve requirements at CBRT amounting to TL 57,255,114 as at December 31, 2021 (December 31, 2020: TL 39,571,078) has not been included in cash and cash equivalents.

Foreign currency bank deposits amounting to TL 16,044,151 (December 31, 2020: TL 1,264,740) is blocked and has not been included in cash and cash equivalents due to securitization loans and other ordinary banking operations of the Parent Bank.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

CONSOLIDATED ACTIVITY REPORT AS OF DECEMBER 31, 2021

DISCLOSURE AND FOOTNOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. INFORMATION AND DISCLOSURES RELATED TO THE PARENT BANK’S RISK GROUP

1. Information on the volume of transactions with the Parent Bank’s risk group, lending and deposits outstanding at year end and income and expenses in the current year

Information on loans and other receivables held by Parent Bank’s risk group

Current Period - December 31, 2021	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the year	33	412,813	-	32,511	63,311	64,767
Balance at the end of the year	50,676	78,364	-	8,344	228,644	22,489
Interest and commission income	4,332	228	-	-	5,337	43

Prior Period - December 31, 2020	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Balance at the beginning of the year	117	358,819	-	29,783	334,910	57,317
Balance at the end of the year	33	412,813	-	32,511	63,311	64,767
Interest and commission income	-	252	-	-	19,611	43

Information on deposits held by the Parent Bank’s risk group

	Associates and Subsidiaries and Joint-Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the year	1,718,208	260,823	2,237,815	298,861	117,989	89,026
Balance at the end of the year	1,153,273	1,718,208	3,908,130	2,237,815	82,435	117,989
Interest on deposits	18,641	48,691	548,536	99,294	1,892	8,271

Information on forwards, options and other derivative transactions held by the Parent Bank’s risk group.

None.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

CONSOLIDATED ACTIVITY REPORT AS OF DECEMBER 31, 2021

DISCLOSURE AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. INFORMATION AND DISCLOSURES RELATED TO THE PARENT BANK’S RISK GROUP (Continued)

2. Disclosures of transactions with the Parent Bank’s risk group

Relations with entities in the risk group of / or controlled by the Parent Bank regardless of the nature of relationship among the parties

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

Information on Benefits Provided to Directors

In the accounting period ending on December 31, 2021, a total amount of TL 62,714 was paid to the Group top management. (December 31, 2020:47,299 TL).

VIII. INFORMATION ON DOMESTIC, FOREIGN AND OFF-SHORE BRANCHES OR INVESTMENTS AND FOREIGN REPRESENTATIVE OFFICES OF THE PARENT BANK

Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees	Country	Total Assets	Capital
Domestic Branches ^(*)	936	16,888			
Foreign Representative Offices	-	-			
Foreign Branches	1	20	USA	5,460,786	221,100
	1	13	Iraq	1,335,545	670,000
	1	3	Qatar	4,039	-
Off-shore Branches	1	5	Bahrain	63,524,595	-

^(*)Free zone branches in Turkey are included to domestic branches.

Opening or closing of domestic and foreign branches and representative offices and significant changes in organizational structure

During 2021, 4 new domestic branches (2020: 3 domestic branches) 1 foreign branches have been opened and 1 braches have been closed (2020: 10).

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

CONSOLIDATED ACTIVITY REPORT AS OF DECEMBER 31, 2021

SECTION SIX
OTHER DISCLOSURES

I. OTHER DISCLOSURES ON THE PARENT BANK’S ACTIVITY

As per the resolution of 67th Annual General Assembly held on March 26, 2021, the net profit of year 2020 has been decided to be distributed as follows:

Profit Distribution Table of Year 2020	
Bank’s unconsolidated profit in its statutory financial statements	5,010,456
Deferred tax credits	-
Net profit of the year subject to distribution	5,010,456
Legal reserves	501,046
First Legal Reserves	250,523
Reserves allocated according to banking law and articles of association.	250,523
Net profit of the year subject to distribution	4,509,410
Gain on sale of immovable and shares of associates and subsidiaries	163,415
Extraordinary reserves	4,345,995
Dividends to shareholders	-

It is planned to transfer 654,718 TL of the amount of 900,871 TL, which was accounted in prior years’ gains, into special fund within the scope of Article 5/1-e of the Corporate Tax Law numbered 5520 and 90,087 TL was to be allocated to legal reserves, and the remaining amount of 156,066 TL to Extraordinary Reserves.

II. INFORMATION ON THE PARENT BANK’S RATING GIVEN BY INTERNATIONAL CREDIT RATING INSTITUTIONS

December 2021*	Fitch Ratings
Long Term Foreign Currency	B+
Short Term Foreign Currency	B
Foreign Currency Outlook	Negative
Long Term Local Currency	BB-
Short Term Local Currency	B
Local Currency Outlook	Negative
National Long Term	AA (tur)
National Outlook	Stable
Government Support Rating Floor	b
Viability Note	b+
December 2020*	Moody’s Investors Service
Baseline Credit Assessment	caa2
Local Currency Deposit Rating	B2/NP
Local Currency Outlook	Negative
Foreign Currency Deposit Rating	B2/NP
Foreign Currency Outlook	Negative
June 2021*	JCR Eurasia
Long Term International FC	BB (Stable)
Short Term International FC	B (Stable)
Long Term International TL	BB
Short Term International TL	B
Long Term NSR	AAA (Stable)
Short Term NSR	A-1 + (Stable)
Support Note	1
Independancy from Shareholders	A

(*) The dates indicate the last grade change dates.

CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE

CONSOLIDATED ACTIVITY REPORT AS OF DECEMBER 31, 2021

OTHER DISCLOSURES (Continued)

III. SIGNIFICANT EVENTS AND MATTERS SUBSEQUENT TO BALANCE SHEET DATE THAT ARE NOT RESULTED

Between July 2, 2021 and July 14, 2021, the Parent Bank has issued financial bonds in various maturities.

With the decision no. 95466 of the Board of Directors of the Bank , dated February 9, 2022 It has been decided to increase the issued capital of 3,905,622,489.96 TL (three billion nine hundred five million six hundred twenty-two thousand and four hundred eighty-nine Turkish Lira Ninety-six Kurus) consisting of shares with a nominal value of TL 0.01, in cash by the total nominal capital amount to be calculated according to the share sales price to be determined within the buying and purchasing framework of Borsa Istanbul A.Ş , by completely restricting the pre-emptive rights of the existing shareholders, in a way to obtain a total of 13.400.000.000,00 TL (thirteen billion four hundred Turkish Liras) sales revenue paid and it has been decided that all of the shares to be issued due to the capital increase will be sold to the Turkey Wealth Fund with the allocated sales method.

IV. IV. CURRENCY CHANGES THAT AFFECT THE ASSESSMENTS AND DECISIONS ON THE FINANCIAL STATEMENTS BY THE USERS OF THE FINANCIAL STATEMENTS THAT APPEAR AFTER THE REPORTING DATE ON FOREIGN CURRENCY TRANSACTIONS AND FINANCIAL STATEMENTS AND THE EFFECT OF THE BANK’S FOREIGN OPERATIONS IF NOT DISCLOSED

None.

SECTION SEVEN
INDEPENDENT AUDITORS’ REVIEW REPORT

I. INFORMATION ON INDEPENDENT AUDITORS’ REVIEW REPORT

The Group’s consolidated financial statements and footnotes as at and for the year ended December 31, 2021 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited). It was noted in their audited report dated February 14, 2021 that nothing material has come to their attention that caused them to believe that the accompanying consolidated financial statements do not give a true and fair view of the Group’s financial position and results of its operations.

II. EXPLANATIONS AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR

None.

INTERNATIONAL CREDIT RATINGS

December 2021*	Fitch Ratings
Long Term Foreign Currency IDR	B+
Short Term Foreign Currency	B
Foreign Currency Outlook	Negative
Long Term Local Currency IDR	BB-
Short Term Local Currency	B
Local Currency Outlook	Negative
National Long Term Rating	AA (tur)
National Outlook	Stable
Government Support Rating	b
Viability Rating	b+

December 2020*	Moody’s Investors Service
BCA (Baseline Credit Assessment)	caa2
Long term FC Deposit	B2/NP
Outlook on FC DR	Negative
Long term LC Deposit	B2/NP
Outlook on LC DR	Negative
June 2021*	JCR Eurasia
Long Term International Foreign Currency	BB (Stable)
Short-Term International Foreign Currency	B (Stable)
Long Term International Local Currency	BB
Short Term International Local Currency	B
Long Term Local Rating	AAA (Stable)
Short Term Local Rating	A-1 + (Stable)
Long Term Sponsor Support	1
Long Term Stand-Alone	A

(*) The dates refer to the last rating changes.

EVALUATION OF THE BANK’S FINANCIAL POSITION, PROFITABILITY AND SOLVENCY

As of the end of 2021, our bank continued to serve its customers with its 940 branches and 16,949 employees.

Sustainable Growth

Our bank increased its assets by 44% compared to the end of the previous year and raised it to TL 1,007,214 million. In the distribution of assets, loans had the biggest share with 57%. Our loans increased by 36% in this period and reached TL 573,700 million. In this period, 78% of our loans consisted of commercial loans and 22% were retail loans. Our commercial loans went up by

43% and our retail loans increased by 16%. When it comes to sub-breakdown of our retail loans, there was a 19% increase in mortgage loans and a 25% increase in vehicle loans. Our Bank’s market share reached 11% in commercial loans and 13% in retail loans. Thus, our total live loans market share was 11%.

The ratio of our Bank’s Non-Performing Loans (NPL) was 3.09% in 2021. Securities portfolio increased by 53% to TL 223,737 million, and its share in assets was 22%.

Deposit-Weighted Funding, Manageable Debt and Strong Equity Structure

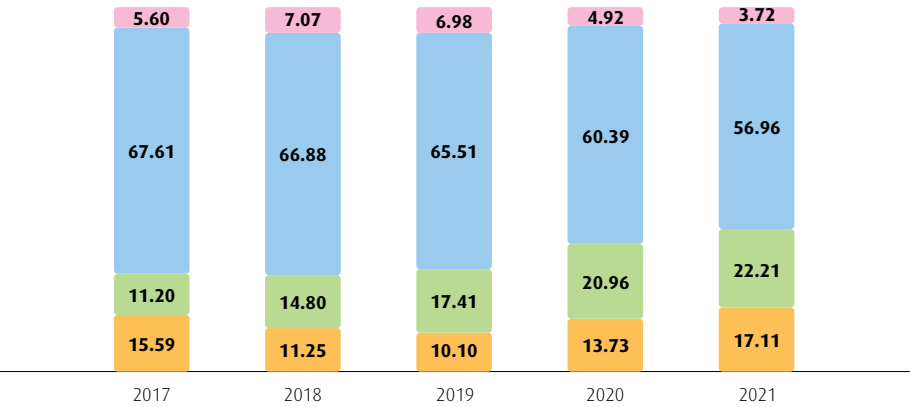
In 2021, our main funding source was once again a deposit. In this period, our deposit increased by 43% and reached TL 590,943 million. The share of deposits in total liabilities was 59%. 75% of the deposits, which have the most significant weight in the funding structure, were term deposits while 25% were demand deposits. In this period, demand deposits increased by 81% while time deposits increased by 33%. With the support of the strong deposit growth, the Bank’s loan/ deposit ratio realized at 97%.

Our bank continued its effectiveness in international debt capital markets with its long-term and cost-effective funding sources provided by various instruments such as syndication loans, securitization loans and subordinated loans. Our securities issued securities reached TL 61.975 million. Securities issued contributed to diversification of our Bank’s funding sources and extension of the maturity structure. During this period, our Bank successfully renewed its syndication loans and provided a total of USD 5.4 billion in 2021 from abroad.

Our bank’s equities increased by 12% in 2021 compared to one in the end of the previous year and reached the level of TL 51,953 million.

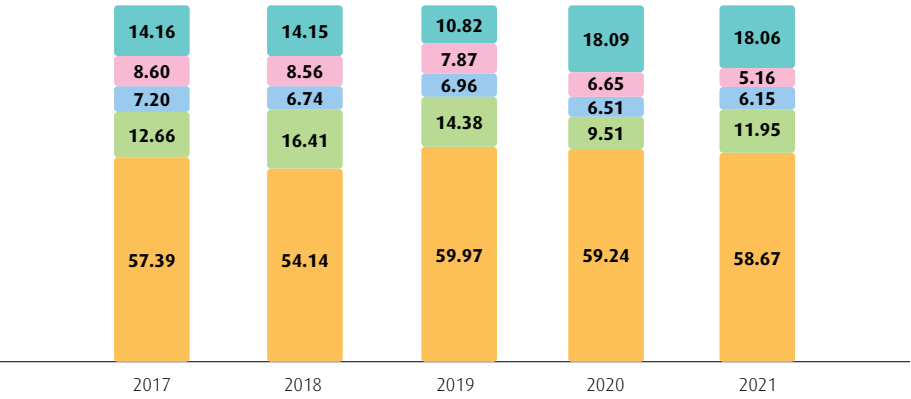
Distribution of Assets (%)

- Other Assets
- Loans
- Securities Portfolio
- Cash and Receivables



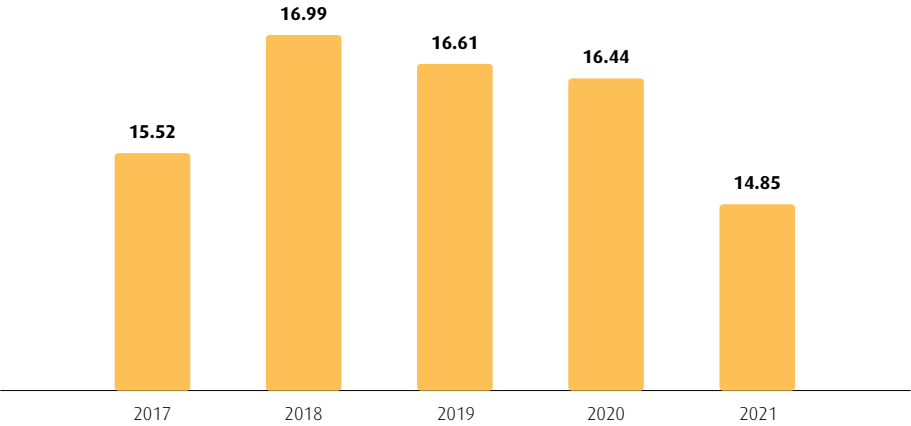
Distribution of Liabilities (%)

- Deposits
- Funds Borrowed*
- Securities Issued
- Shareholders’ Equity
- Other Liabilities



* Subordinated Loans are included.

Capital Adequacy Ratio (%)



Evaluation of Profitability

Our Bank’s net profit for the period was TL 4,175 million in 2021. In the same period, interest revenues reached TL 72,201 million, interest expenses reached TL 52,657 million, and net interest income reached TL 19,543 million. In this period, the ratio of interest income to cover interest expenses was 137%.

In this period, our Bank’s net fee and commission income increased by 33% compared to the end of the previous year and reached TL 4,501 million.

At the end of 2021, our Bank’s average return on equity was 8.48%, and average return on assets was 0.49%.

Solvency

In 2021, VakıfBank maintained its solvency by keeping the share of interest-bearing assets in total assets at 88%.

Maintaining its growth in loans without compromising on risk control, our Bank’s capital adequacy ratio was 14.85% above the legal. The long-term evolution of the capital adequacy ratio is shown in the graph below.

It is estimated that the economy of our country will grow by 5% in 2022. VakıfBank will continue its sustainable growth in 2021, by increasing the number of customers and product range, by using potential growth opportunities at domestic and abroad

ANNEX 1: LOAN AGREEMENTS WITH INTERNATIONAL FINANCIAL INSTITUTIONS

ANNEX 1: LOAN AGREEMENTS WITH INTERNATIONAL FINANCIAL INSTITUTIONS				
Period	Organization	Project/Credit Name	Amount	Agreement Date
2010	EBRD (European Bank for Reconstruction and Development)	TurSEFF I (Turkey Sustainable Energy Financing Facility I)	USD 60 million	May 2010
	The World Bank	SME II (Access of SMEs to Finance II)	USD 200 million	July 2010
	EIB (European Investment Bank)	GACF I (Greater Anatolia Credit Facilities I)	EUR 50 million	October 2010
2011	EBRD (European Bank for Reconstruction and Development)	MidSEFF (Turkey Medium-Sized Sustainable Energy Financing Program)	USD 100 million	May 2011
	EIB (European Investment Bank)	GACF II (Greater Anatolia Credit Facilities II)	EUR 50 million	December 2011
		Climate Change Project	EUR 75 million	December 2011
2012	EBRD (European Bank for Reconstruction and Development)	TurAFF I (Turkish Agricultural Enterprise SME Financing)	USD 25 million	August 2012
	EIB (European Investment Bank)	Financing of SMEs and Medium-Sized Companies I	EUR 200 million	December 2012
2013	World Bank	Energy Efficiency Project	USD 67 million	May 2013
	EBRD (European Bank for Reconstruction and Development)	TurSEFF II	USD 80 million	May 2013
		TurSEFF II	EUR 50 million	July 2013
	EIB (European Investment Bank)	GACF I (Greater Anatolia Credit Facilities I) Loan Extension	EUR 25 million	December 2013
		Extension credit	EUR 25 million	December 2013
	Financing of Municipal Infrastructure Projects (Municipal Loan)		EUR 100 million	December 2013
2014	EIB (European Investment Bank)	Financing of SMEs and Medium-Sized Companies II-A	EUR 100 million	November 2014
	EBRD (European Bank for Reconstruction and Development)	TurAFF II	EUR 75 million	November 2014
		WIB (Women in Business Facility)	EUR 25 million	December 2014
2015	KfW (German Development Bank)	Micro, Small, and Medium Enterprises Loan II (MSME II)	EUR 200 million	June 2015
	EIB (European Investment Bank)	Financing of SMEs and Medium-Sized Companies II-B	EUR 100 million	May 2015
	EIB (European Investment Bank)	GACF II (Greater Anatolia Credit Facilities II) Extension Credit-I	EUR 25 million	December 2015
2016	EBRD (European Bank for Reconstruction and Development)	Women in Business Facility (Women's Enterprises Financing Support Program)	EUR 25 million	April 2016
		Agri Funding (Turkish Agricultural Enterprise SME Financing)	EUR 25 million	April 2016
	EIB (European Investment Bank)	Additional SME Credit- B (Its former name is Municipal Loan)	EUR 100 million	May 2016
	EBRD (European Bank for Reconstruction and Development)	TurSEFF II-Extension (Turkey Sustainable Energy Financing)	USD 55 million	September 2016
		TurSEFF III (Turkey Sustainable Energy Financing)	USD 55 million	September 2016
	EIB (European Investment Bank)	GACF II (Greater Anatolia Credit Facilities II) Extension Credit-II	EUR 50 million	December 2016
		Financing of SMEs and Medium-Sized Companies III/A	EUR 100 million	December 2016
2017	AFD (French Development Agency)	Agricultural and Rural Development Loan	EUR 80 million	November 2017
2020	The World Bank	Emergency Company Support Project	USD 250 million	September 2020
2020	AFD (French Development Agency)	Green MortgageFinancing Loan	EUR 200 million	December 2020
2021	Intesa Sanpaolo		EUR 50 million	March 2021
2021	China Development Bank		CNY 3.5 Billion	December 2021
2021	Intesa Sanpaolo		EUR 80 million	December 2021

ANNEX 2: FIVE-YEAR SUMMARY FINANCIAL INFORMATION

ASSETS (TL thousand)	2017	2018	2019	2020	2021
Cash and Receivables*	42,184,754	37,273,082	42,356,563	95,961,458	172,369,725
Securities Portfolio	30,316,048	49,054,049	73,016,285	146,510,383	223,736,789
Loans	182,932,228	221,606,750	274,776,822	422,043,159	573,700,310
Commercial Loans	134,979,672	170,194,709	209,295,237	314,674,689	448,952,720
Retail Loans	47,952,556	51,412,041	65,481,585	107,368,470	124,747,590
Non-Performing Loans	7,638,206	10,800,157	17,314,228	17,444,257	18,309,561
Credit-Impaired (Stage III)	6,598,819	8,019,949	12,181,535	13,307,249	14,133,868
Subsidiaries and Affiliates	2,563,016	3,051,217	2,801,276	5,045,540	6,697,833
Tangible Fixed Assets	2,729,756	4,186,187	7,678,270	6,081,856	5,621,885
Other Assets	8,806,521	16,244,589	17,125,571	27,398,203	32,703,971
Total Assets	270,571,710	331,355,641	419,425,553	698,897,118	1,007,213,697

* Receivables from Financial Markets are included.

LIABILITIES (TL thousand)	2017	2018	2019	2020	2021
Deposits	155,277,122	179,407,907	251,530,899	414,043,543	590,943,387
Term Deposits	125,159,851	143,326,141	200,837,273	333,507,221	445,059,915
Demand Deposits	30,117,271	36,081,766	50,693,626	80,536,322	145,883,472
Money Markets	22,270,837	28,723,737	24,946,375	99,051,464	143,880,784
Funds-Borrowed	28,307,621	41,349,836	41,078,550	46,986,798	91,430,530
Subordinated Loans	5,935,969	13,022,023	19,245,453	19,458,798	28,968,427
Securities Issued	19,485,098	22,347,064	29,176,369	45,512,967	61,974,897
Provisions	3,412,482	2,271,359	2,209,804	2,972,407	3,849,848
Shareholders’ Equity	23,257,818	28,350,190	33,026,273	46,484,658	51,952,740
Paid-in Capital	2,500,000	2,500,000	2,500,000	3,905,622	3,905,622
Profit or Loss	3,723,383	4,725,138	2,802,291	5,911,327	4,175,464
Profit /Loss in the Previous Year	0	570,816	0	900,871	0
Net Profit/Loss for the Period	3,723,383	4,154,322	2,802,291	5,010,456	4,175,464
Other Liabilities	12,624,763	15,883,525	18,211,830	24,386,483	34,213,084
Total Liabilities	270,571,710	331,355,641	419,425,553	698,897,118	1,007,213,697

ANNEX 2: FIVE-YEAR SUMMARY FINANCIAL INFORMATION

INCOME STATEMENT (TL Thousand)	2017	2018	2019	2020	2021
Interest Income	21,444,094	33,953,817	42,074,839	47,263,551	72,200,597
Interest Expenses	12,822,668	23,113,130	29,060,127	27,376,148	52,657,216
Net Interest Income	8,621,426	10,840,687	13,014,712	19,887,403	19,543,381
Net Fee and Commissions	1,330,665	2,293,210	3,978,688	3,395,062	4,501,363
Dividend Income	93,561	129,624	50,939	167,839	120,849
Trading Income (Net)	19,128	417,655	-3,183,137	53,761	-5,959,875
Foreign Exchange Income (Net)	145,084	225,980	599,443	-2,604,485	1,210,090
Other Operating Income	1,673,529	2,003,613	4,035,254	6,273,122	7,947,393
Total Operating Income	11,883,393	15,910,769	18,495,899	26,281,913	27,363,201
Operating Expenses	1,768,758	2,191,782	2,837,255	3,334,128	3,999,201
Provisions for Loans and Other Receivables	2,787,533	4,883,505	8,264,699	11,769,618	12,559,091
Other Operating Expense	2,651,970	3,681,555	3,781,362	5,629,683	5,509,188
Net Operating Income/Loss	4,675,132	5,153,927	3,612,583	6,439,273	5,295,721
Net Profit/Loss	3,723,383	4,154,322	2,802,291	5,010,456	4,175,464

INDICATOR RATIOS (%)	2017	2018	2019	2020	2021
Securities / Total Assets	11.20	14.80	17.41	20.96	22.21
Loans/Total Assets	67.61	66.88	65.51	60.39	56.96
Loans/Deposits	117.81	123.52	109.24	101.93	97.08
Retail Loans/ Loans	26.21	23.20	23.83	25.44	21.74
Commercial Loans/ Loans	73.79	76.80	76.17	74.56	78.26
NPL Ratio	4.01	4.65	5.93	3.97	3.09
Deposits/Total Liabilities	57.39	54.14	59.97	59.24	58.67
Demand Deposits/Total Deposits	19.40	20.11	20.15	19.45	24.69
Shareholders’ Equity/Total Liabilities	8.60	8.56	7.87	6.65	5.16
Loans Borrowed / Total Liabilities	10.46	12.48	9.79	6.72	9.08
Capital Adequacy Ratio (%)	15.52	16.99	16.61	16.44	14.85
Average Return on Assets	1.54	1.38	0.75	0.90	0.49
Average Return on Equity	17.52	16.10	9.13	12.60	8.48

MARKET SHARES (%)	2017	2018	2019	2020	2021
Securities Portfolio	7.55	10.27	11.05	14.33	15.15
Loans	8.61	9.10	10.13	11.61	11.48
Commercial Loans	8.25	8.81	9.83	11.18	11.20
Retail Loans	9.82	10.20	11.20	13.08	12.64
Non-Performing Loans	11.94	11.17	11.48	11.43	11.44
Deposits	9.08	8.81	9.80	11.98	11.14
Term Deposits	9.29	8.95	10.39	14.32	13.68
Demand Deposits	8.29	8.31	7.99	7.15	7.11
Gross Loans*	6.83	8.69	9.34	8.47	9.43
Guarantees and Sureties	7.71	8.35	9.49	10.10	11.48
Total Assets	8.31	8.57	9.34	11.45	10.93
Shareholders’ Equity	6.48	6.72	6.71	7.75	7.31
Net Profit/Losses	7.65	7.68	5.71	8.56	4.53

* Subordinated Loans Included.

ANNEX 3: ENVIRONMENTAL PERFORMANCE INDICATORS

Carbon Emissions (ton CO ₂ e)	2018	2019	2020	2021 ✓
Scope 1	12.156	15.534	12.750	12.796
Scope 2	3.613	32.637*	23.976	5.406
Scope 3**	5.929	5.241	3.703	3.461
Scope 1+2	15.769	48.171*	36.726	18.202
Carbon Emission (Scope 1 and 2) Ratio Density to Spatial Area (kg CO ₂ e/m²)	25.7	77.9*	60.73	29.82

* The increase in emissions in 2019is due to quit on renewable energy consumption by “Private Purchasing Agreement.”
** Emissions from financed projects calculated according to the revised ISO 14064-1:2018 standard were excluded in the calculation in 2021.

Energy Consumption (GJ)	2018	2019	2020	2021 ✓
Electrical Energy (Renewable Energy and from Grid)	271,123	252,843	247,136	241,550
Natural Gas	68,444	77,936	90,606	79,885
Lignite	666	497	580	688
Diesel	100,774	98,942	78,938	57,281
Heating Oil	113	235	284	596
Gasoline	978	378	3,476	20,565

Other Environmental Performance Data	2018	2019	2020	2021 ✓
Water consumption*** (megaliter)	240,727	234,228	204,479	188,366
Recycled Waste (ton)	418	448	342	455
Paper Consumption (ton)	485	469	383	671.92

Scope 1, scope 2 and scope 3 carbon emissions are calculated in accordance with ISO 14064-3 and with the operational control principle within the framework of the “GHG Protocol Corporate Accounting and Reporting Standard.” In calculation of Scope 3 Emissions, employee commuting, air travel, paper consumption, tap water, drinking water, waste oil, paper waste disposal, courier/post at the all relevant locations of the Bank during the reporting period are included.

*** Our branches receive water from the network, and it is assumed that the same amount of water is discharged.

For detailed information, please see “Key Definitions and Reporting Scope” in “Annex 5: Reporting Guidelines for Integrated Annual Report 2021”

✓ It has been subjected to limited assurance by the Independent Audit Firm.

ANNEX 3: ENVIRONMENTAL PERFORMANCE INDICATORS

GREENHOUSE GASES IN THE 2021 ISO 14064-1:2018 STANDARD		
1- Direct greenhouse gas emissions and their elimination	12.796	tCO ₂ e
2 - Indirect greenhouse gas emissions from imported energy; Purchased Electricity	5.406	tCO ₂ e
3 - Indirect greenhouse gas emissions arising from transportation	1,699	tCO ₂ e
4 - Indirect greenhouse gas emissions from products used by the organization	763.68	tCO ₂ e
5-Indirect greenhouse gas emissions associated with the use of products coming from the organization	392,728	tCO ₂ e
6 -Greenhouse gas emissions coming from other sources	999	tCO ₂ e
TOTAL*	414,391	tCO ₂ e
Non-biogenic GHG emissions	414,391	tCO ₂ e
anthropogenic biogenic GHG emissions	0	tCO ₂ e
non-anthropogenic biogenic GHG emissions	0	tCO ₂ e
TOTAL	414,391	

* New categories have been added due to the transition to the ISO 14064-1:2018 standard in 2021. The materiality criteria for categories will be reviewed annually and the emission sources included may vary.

01/01/2021- 31/12/2021 period has been determined as the base year and the options offered by the ISO 14064-1: 2018 version will be open for evaluation in the coming years.

In 2021, ISO 14064-1:2006 version was changed to ISO 14064-1:2018 version and new categories were included in the Greenhouse Gas Inventory report. Along with the new categories included, our greenhouse gas emissions have increased. Our Bank will continue its efforts to reduce emissions in the coming period with new planning and policies.

ANNEX-4: SOCIAL PERFORMANCE INDICATORS

ANNEX-4: SOCIAL PERFORMANCE INDICATORS								
	2018		2019		2020		2021	
Number of Employees by Gender and Location	Female	Male	Female	Male	Female	Male	Female	Male
Turkey	8,557	8,164	8,541	8,249	8,458	8,249	8,530	8,358
Abroad	19	27	19	26	19	22	21	20
Total (by Gender)	8,576	8,191	8,560	8,275	8,477	8,271	8,551	8,378
Total	16,767		16,835		16,748		16,929	

	2018		2019		2020		2021	
Number of Employees by Employment Type	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Number of Employees	16,762	5	16,657	178	16,547	201	16,723	206
Total	16,767		16,835		16,748		16,929	

	2018		2019		2020		2021	
Number of Employees by Gender and Age	Female	Male	Female	Male	Female	Male	Female	Male
Over 50	45	270	58	344	82	414	113	479
Between 30-50	6,391	6,116	6,901	6,344	7,206	6,568	7,419	6,742
Under 30	2,140	1,805	1,601	1,587	1,189	1,289	1,019	1,157
Total (by Gender)	8,576	8,191	8,560	8,275	8,477	8,271	8,551	8,378
Total	16,767		16,835		16,748		16,929	

	2018		2019		2020		2021	
Number of Newly- Recruited Employees by Gender and Age	Female	Male	Female	Male	Female	Male	Female	Male
Over 50	-	-	-	4	0	0	0	0
Between 30-50	218	251	27	45	7	34	20	42
Under 30	402	484	207	332	114	215	244	318
Total (by Gender)	620	735	234	381	121	249	264	360
Total	1,355		615		370		624	

ANNEX-4: SOCIAL PERFORMANCE INDICATORS

	2018		2019		2020		2021	
Number of Subcontractor’s* Employees	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees	1,542	2,169	941	2,660	1,576	2,125	1,567	2,131
Total	3,711		3,601		3,701		3,698	

* Security Officers are also included in the number of subcontractors.

Employee Turnover*	2018	2019	2020	2021 ✓
Employee Turnover Rate	2.23	1.87	1.65	1.69

* Number of employees leaving by resignation and termination of the Employment Contract are considered.

	2018		2019		2020		2021	
Parental Leave	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees Benefited from Parental Leave	760	563	691	597	637	549	590	518
Number of Employees Returned to Work After Parental Leave	760	563	691	597	637	549	590 ✓	518
Number of Employees Working After 12 Months of Parental Leave			688	594	636	545	588	515

Training Hours	2018	2019	2020	2021 ✓
Total Training Hours	987,688	986,605	786,577	564,193
Average Training Hours per Employee	58.9	58.6	46.97	33.32

	2018		2019		2020		2021 ✓	
Number of Employees in Managing Bodies (Manager and Higher Level)	Female	Male	Female	Male	Female	Male	Female	Male
Under 30	-	-	-	-	0	0	0	0
Between 30-50	333	759	309	757	294	742	281	704
Over 50	14	144	25	165	30	200	36	254
Total (by Gender)	347	903	334	922	324	942	317	958
Total	1,250		1,256		1,266		1,275	

* The employees in managerial roles include General Manager, Executive Vice President, Chief Legal Advisor, Senior Vice President, Manager, Regional Manager, Assistant Chief Legal Advisor, New York Branch General Manager, Manager, New York Branch Manager, Legal Advisor.

	2018		2019		2020		2021	
Board of Directors by Gender and Age	Female	Male	Female	Male	Female	Male	Female	Male
Under 30	0	0	0	0	0	0	0	0
Between 30-50	1	1	1	0	1	1	1	0
Over 50	0	7	0	8	0	7	0	8
Total (by Gender)	1	8	1	8	1	8	1	8
Total	9		9		9		9	

✓ It has been subjected to limited assurance by the Independent Audit Firm.

	2018		2019		2020		2021 ✓	
Number of Employees with Disabilities by Gender	Female	Male	Female	Male	Female	Male	Female	Male
Number of Disabled Employees	110	248	105	237	104	232	104	234
Total	358		342		336		338	

	2018		2019		2020		2021	
Unionization	Female	Male	Female	Male	Female	Male	Female	Male
Unionized	7,771	6,540	7,768	6,613	7,682	6,584	7,714	6,609
Non-Unionized	805	1,651	792	1,662	795	1,687	837	1,769
Total (by Gender)	8,576	8,191	8,560	8,275	8,477	8,271	8,551	8,378
Total	16,767		16,835		16,748		16,929	

	2018		2019		2020		2021	
Number of Employees by Seniority	Female	Male	Female	Male	Female	Male	Female	Male
Between 0-5 Years	2,033	2,822	1,870	2,695	1,551	2,295	1,421	2,044
Between 5-10 Years	3,917	2,625	3,757	2,598	3,607	2,604	3,015	2,556
10 Years and Above	2,626	2,744	2,933	2,982	3,319	3,372	4,115	3,778
Total (by Gender)	8,576	8,191	8,560	8,275	8,477	8,271	8,551	8,378
Total	16,767		16,835		16,748		16,929	

	2018		2019		2020		2021	
Occupational Health and Safety	Female	Male	Female	Male	Female	Male	Female	Male
Number of Employees	8,576	8,191	8,560	8,275	8,477	8,271	8,551	8,378
Number of Accidents	7	2	9	2	9	5	2	1
Number of Fatalities	0	0	0	0	0	1	0	0
Number of Occupational Diseases	0	0	0	0	0	0	0	0
Number of Absenteeism Days caused by Accident	71	96	211	7	164	48	17	0
Number of Absenteeism Days*	63,150	52,585	59,772	47,095	142,554	97,300	63,632	52,144
Injury Rate (IR)**	0.054		0.066		0.083		0,018 ✓	
Occupational Disease Rate (ODR)	0		0		0		0 ✓	
Lost Day Rate***	0.004		0.01		0.005		0,00000407 ✓	
Absenteeism Rate****	2.81		2.59		5.74		2,78 ✓	

* Annual paid leaves, unpaid leaves, hourly leaves, and parental leaves are excluded.
** Injury Rate (IR) = [(Number of Accidents) / (Total Annual Working Hours)] x 200.000
*** Lost day rate = [(Total Absenteeism Day caused by Accident) / (Total Annual Working Days)] x 100
**** Absenteeism rate = [(Total Absenteeism*) / (Total Annual Working Hours)] x 100 Calculated with formulas above.

The average number of employees during the reporting period is taken into account in calculating the total annual working hours.

	2018		2019		2020		2021	
Subcontractor Employees	Female	Male	Female	Male	Female	Male	Female	Male
Number of Subcontractor’s Employees	1,542	2,169	941	2,660	1,576	2,125	1,567	2,131
Number of Accidents	16	9	12	5	5	1	11	6
Number of Fatalities	0	0	0	0	0	0	0	1
Number of Occupational Diseases	0	0	0	0	0	0	0	0
Number of Absenteeism Days caused by Accident	68	19	16	40	20	2	57	40
Number of Absenteeism Days	2,220	782	7,018	1,126	39,177	22,298	21,748	22,193
Injury Rate (IR)**	0.647		0.454		0.154		0.463776578	
Occupational Disease Rate (ODR)	0		0		0		0	
Lost Day Rate**	0.009		0.0063		0.0024		0.000106	
Absenteeism Rate***	0.32		0.92		6.67		4.791	

* Injury Rate (IR) = [(Number of accidents) / (Total Annual Working Hours)] x 200.000
**Lost day rate = [(Total Absenteeism Day caused by Accident) / (Total Annual Working Days)] x 100
***Absenteeism rate = [(Total Absenteeism) / (Total Annual Working Hours)] x 100 Calculated with formulas above

For detailed information, please see “Key Definitions and Reporting Scope” in “Annex 5: Reporting Guidelines for Integrated Annual Report 2021”

✓ It has been subjected to limited assurance by the Independent Audit Firm.

ANNEX 5: REPORTING GUIDELINES FOR INTEGRATED ANNUAL REPORT 2021

This reporting guidance (“Guidance”) provides information on the data preparation and reporting methodologies of indicators within the scope of the independent audit in the 2021 VakıfBank (“Bank”) Integrated Annual Report. These indicators include operational indicators (total loans amount extended to SMEs, number of renewable energy projects financed and the amount of financing provided, increase in the number of digital banking customers), social indicators (ratio of female employees, ratio of female employees that returned to work after parental leave, filling rate of top positions with in-Bank promotion, number of disabled employees, employee turnover rate, average training hours per employee, number of employees in managing bodies (Manager and Higher Level), average training hours per employee, total training hours, ratio of online trainings in total trainings, occupational disease rate, lost days rate in all facilities, absenteeism rate), environmental indicators (amount of recycled waste, amount of paper consumption, total carbon emissions, total carbon emission density). It is the responsibility of the Bank’s management to ensure that appropriate procedures are in place to prepare the indicators mentioned above in line with, in all material respects, the Guidance.

The data included in this guideline is for the FY 21 (1 January – 31 December 2021), the fiscal year ended December 31, 2021, and as detailed in the “Key Definitions and Reporting Scope” section comprises only the relevant operations in the Turkey and in the World that are the responsibility of the Bank by excluding information about group companies, affiliates and subcontractors.

General Reporting Principles

- In preparing this guidance document, consideration has been given to following principles:
- Information Preparation – to highlight to users of the information the primary principles of relevance and reliability of information; and
 - Information Reporting – to highlight the primary principles of comparability/consistency with other data including a prior year and understandability/ transparency providing clarity to users.

Key Definitions and Reporting Scope

For the purpose of this report, the Bank defines:

Type	Indicator	Scope
Financial and Operational Indicators	Total Loans Amount Extended to SMEs	This indicator means the remaining principal amount of the Bank's commercial loans extended to SMEs during the reporting period. It is calculated by the Bank's Credit Reporting Department.
	Number of Renewable Energy Projects Financed by the Bank and the Amount of Financing Provided	This indicator means the number of renewable energy projects financed by the Bank and the amount of financing provided to these projects within the scope of Sustainable Energy Financing during the reporting period. In this context, Hydroelectric Power Plant (HPP), Geo-thermal Power Plant (GPP), Biomass Power Plant (BPP), Biogas Energy Plant, Solar Energy Plant (SEP) and Wind Power Plant (WPP) renewable energy projects are assessed.
	Increase in the Number of Digital Banking Customers	This indicator means the increase in the number of customers using digital banking in the reporting period compared to the previous year. Digital banking includes internet and mobile banking channels. The number of digital banking customers is calculated by the Bank as the sum of customers using only internet banking, only mobile banking, and both mobile and internet banking.

Type	Indicator	Scope
Social indicators	Ratio of Female Employees	This indicator only means the gender distribution of employees of the Bank (excluding subsidiaries and group companies) during the reporting period.
	Number of Employees in Managing Bodies (Manager and Higher Level)	This indicator means only the distribution of employees of the Bank (except subsidiaries and group companies) in managing bodies (man-ager and higher level) by age groups and gender. The employees in managing bodies include General Manager, Executive Vice President, Chief Legal Advisor, Head, Assistant Head, Regional Manager, Coordinator, Assistant Chief Legal Advisor, New York Branch General Manager, Manager, New York Branch Manager, Legal Advisor.
	Ratio of Female Employees that Returned to Work After Parental Leave	It indicates the ratio of female employees who took maternity leave but did not leave the Bank during the reporting period among all female Bank employees who took maternity leave during the reporting period.
	Filling Rate of Top Positions with Internal Promotion	This indicator means the rate of filling a opened position with the current Bank employee instead of the external recruitment during the re-reporting period. The scope of “top positions” is as described for “Managing Bodies” above. Employees who have been promoted to top positions for the first time are accounted for in this indicator.
	Employee Turnover Rate	This indicator means mean the ratio of those leaving the job by the resignation and termination of employment to the average number of employees. Employee turnover rate is calculated according to the following formula: Total Number of Employees Leaving from Work (Resignation and Termination of Employment) / Average Number of Employees * 100; Average Number of Employees = (Number of Employees per Semester + End of Semester Employees) / 2
	Average Year of Seniority	This indicator means the average working time of the Bank's staff (excluding subsidiaries and group companies) on the basis of male and female employees during the reporting period.
	Number of Disabled Employees	This indicator means only the number of employees of the Bank (excluding subsidiaries and group companies) with disabilities during the reporting period.
	Average Training Hours per Employee	This indicator only means the ratio of the total hours of in-class and e-learning training provided to employees to the total number of employees during the reporting period.
	Total Training Hours	This indicator only means the total hours of in-class and e-learning training provided to employees during the reporting period.
	Share of digital trainings in total hours of trainings	This indicator means the ratio of the online training hours provided to the Bank employees to the total training hours during the reporting period.
	Occupational Health and Safety	This indicator includes number of accidents, number of fatalities, number of occupational diseases, injury rate (IR), occupational disease rate (ODR), lost day rate and absenteeism rate of employees during the reporting period.

ANNEX 5: REPORTING GUIDELINES FOR INTEGRATED ANNUAL REPORT 2021

Type	Indicator	Scope
Environmental Indicators	Energy Consumption (Gj)	This indicator only means the amount of energy directly and indirectly consumed during the Bank's operations (Headquarters, Regional Di-rectorates, Branches, Storehouses, ATMs (offsite)) at every location where the Bank performs its operations.
	Electricity consumption (Gj)	This indicator means the total purchased electricity consumption used for air conditioning, lighting, electrical equipment use and other business operations that require electricity at the all relevant locations of the Bank during the reporting period.
	Natural gas consumption (Gj)	This indicator means the total purchased natural gas (volume- m³) consumption used for heating, cooking and other business operations that require natural gas at all relevant locations of the Bank during the reporting period.
	Lignite (Gj)	This indicator means the total purchased lignite (by weight-kg) consumption used for heating at the all relevant locations of the Bank during the reporting period.
	Diesel (Gj)	This indicator means the total purchased diesel (volume - l) consumption used for heating, generators, and company-owned cars at all relevant locations of the Bank during the reporting period.
	Heating Oil (Gj)	This indicator means the total heating oil (Fuel-oil No:4) (volume - l) consumption used for heating at the all relevant locations of the Bank during the reporting period.
	Gasoline (Gj)	This indicator means the total purchased gasoline (volume - l) consumption used for company-owned cars at the all relevant locations of the Bank during the reporting period.
	Other Environmental Performance Data	
	Water consumption (megaliter)	This indicator means the total municipal water and dispenser size bottled water consumption (volume–megaliter) during the reporting period.
	Paper Consumption (ton)	This indicator means the total paper consumption (by weight – ton) used in printers and the amount of paper purchased (by weight–ton) at the locations where the Bank operated during the reporting period.
	Recycled waste (ton)	This indicator means the weight of recycled waste (by weight – ton) during the reporting period.
	Carbon Emissions (ton CO₂-e)	
	Scope 1 (ton CO ₂ e)	This indicator means the emission of greenhouse gases due to the use of natural gas, lignite, diesel, heating fuel, gasoline consumption, and refrigerant and fire extinguishers at all relevant locations of the Bank during the reporting period.
	Scope 2 (ton CO ₂ e)	This indicator means the emission of greenhouse gases due to the use of purchased electricity at all relevant locations of the Bank during the reporting period.
	Scope 3 (ton CO ₂ e)	This indicator means the emission of greenhouse gases due to the use of employee commuting – shuttle, air travels for business trips, drinking and tap water, waste oil, disposal of solid wastes, and purchased paper amount during the reporting period.
	Total Carbon Emission Intensity (kg CO ₂ e/m²)	This indicator means the ratio of Scope 1 and 2 emissions per unit closed surface area (m²) in all relevant locations of the Bank during the reporting period.

Definitions related to greenhouse gas measurements calculated in accordance with ISO 14064-1:2018 version:

Category 1- Direct greenhouse gas emissions and their elimination	This indicator means the emission of greenhouse gases due to the use of natural gas, lignite, diesel, heating fuel, gasoline consumption, and refrigerant and fire extinguishers at all relevant locations of the Bank during the reporting period.
Category 2 - Indirect greenhouse gas emissions from imported energy; Purchased Electricity	This indicator means the emission of greenhouse gases due to the use of purchased electricity at all relevant locations of the Bank during the reporting period.
Category 3 - Indirect greenhouse gas emissions arising from transportation	This indicator means the greenhouse gas emissions caused by the transportation of to work, business trips, and cargo shipments of Bank employees during the reporting period.
Category 4 - Indirect greenhouse gas emissions from products used by the organization	This indicator means the greenhouse gas emissions caused by the use of tap water at the relevant locations of the Bank, waste oil, disposal of solid wastes, and the amount of purchased paper during the reporting period.
Category 5-Indirect greenhouse gas emissions associated with the use of products coming from the organization	Receiving loan for investment purposes
Category 6 -Greenhouse gas emissions coming from other sources	This indicator means the amount of greenhouse gas emissions caused by the use of tap water.

4. Data Preparation

Social indicators

Occupational Health and Safety (OHS) Indicators

The following formulas are used to calculate OHS data. The average number of employees during the reporting period is taken into account when calculating the total annual working hours

Injury Rate (IR) = [(Number of accidents) / (Total Annual Working Hours)] x 200,000

Occupational disease rate (ODR) = [(Number of occupational diseases) / (Total Annual Working Hours)] x 200,000

Lost day rate = [(Total Absenteeism Day caused by Accident) / (Total Annual Working Days)] x 100

Absenteeism rate = [(Total Absenteeism*) / (Total Annual Working Hours)] x 100

** Annual paid leave, unpaid leave, hourly leaves and maternity reports are excluded.*

Environmental Indicators

Energy Consumption

Energy consumption data are reported for electricity and primary fuel sources, which comprise natural gas, lignite, heating oil, diesel and gasoline.

Electricity and natural gas consumption data are obtained from supplier meters and service provider in-voices. Diesel consumption for the use of heating, generators, company-owned cars, and employee commuting data are obtained from service provider invoices. Lignite and heating oil consumption for the use of heating data are obtained from service provider invoices. Gasoline consumption for the use of company owned cars data are obtained from service provider invoices.

- The Bank has used the following published conversion factors:
- For electricity, since the electricity supply unit is billed in kWh, 1 kWh=0.0036 Gj is used as Gj conversion factor;
 - For natural gas, for the consumptions invoiced with the m³ supply unit, [1m³ x joule/ton (34,541,100) x (heating value) 1.033042] x 1000 is used; for the consumptions invoiced with the m³ supply unit, firstly the consumption was converted to m³ by using the conversion “k” factor 10.84 and then the conversions mentioned above are used;
 - For diesel, since the diesel supply unit is billed in lt, [1kg x (0.83) x 1.000 x joule/ton (42,697,200)] is used as Gj conversion factor.

ANNEX 5: REPORTING GUIDELINES FOR INTEGRATED ANNUAL REPORT 2021

- For gasoline, since the gasoline supply unit is billed in lt, [1 x kg (0.735) x 1000 x joule/ton (43,534,400)] is used as the GJ conversion factor.
- For heating oil, since the fuel oil supply unit is billed in lt, [1lxkg (0.9) x1000x joule/ton (40,185,600)] is used as GJ conversion factor.
- For lignite, since the lignite supply unit is billed in lt, [1kg x 1,000 x 12,558,000 joule/ton (12,558,000)] is used as GJ conversion factor.
- In the translation of natural gas consumption in kWh to m³, the average IGDAŞ “k” factor of 2021 is used, while the average IGDAŞ value of 2021 is used for the heating value.
- For density and conversion coefficient values “ANNEX 2 Lower Heating Values and Factors of Conversion to Petroleum Equivalents of the “Regulation on Increasing Efficiency in the Use of Energy Sources and Energy” published in the Official Gazette No. 28097 dated October 27, 2011 and IPCC Net table and calorific values table are used.

Carbon Emissions

Scope 1, scope 2 and scope 3 carbon emissions are calculated in accordance with ISO 14064-3 and with the operational control principle within the framework of the “GHG Protocol Corporate Accounting and Reporting Standard.”

The Bank reports its 2021 consumption in the following four periods.

- 2021 Q1: 01.01.2021 – 31.03.2021
- 2021 Q2: 01.04.2021 – 31.06.2021
- 2021 Q3: 01.07.2021 – 31.09.2021
- 2021 Q4: 01.10.2021 – 31.12.2021

CO₂ equivalent factors for emissions CO₂, CH₄, N₂O, and HFCs (refrigerant gas) were used in calculations. The emission fac-tors used are detailed in the table below. Global Warming Potential (GWP) coefficients were taken from Intergovernmental Panel on Climate Change (IPCC) 5th Assessment Report and DEFRA Greenhouse Gas reporting: It was taken from the Evaluation Report and the resultant ton CO₂-e value was calculated by multiplying with the appropriate coefficients. Grid emission factor has been calculated by using the relevant annual data provided by Turkish Electricity Transmission Company (TEİAŞ).

Emission Factors – Scope 1 (kg/TJ)	CO ₂	CH ₄	N ₂ O	Total CO ₂ -e ton
Diesel (fixed)	74,100	3	0.6	74,343
Diesel (mobile)	74,100	3.9	3.9	75,242.7
Gasoline (fixed)	69,300	3	0.6	69,543
Gasoline (mobile)	69,300	3.8	5.7	70,916.9
Natural Gas	56,100	1	0.1	56,154.5
Heating fuel oil	77,400	3	0.6	77,643
Lignite	101,000	1	1.5	101,425.5
Refrigerants - R22	1,760			1,760
Refrigerants - R32	677			677
Refrigerants - R134A	1,300			1,300
Refrigerants - R407A	2,107			2,107
Refrigerants - R407C	1,774			1,774
Refrigerants - R410A	2,088			2,088

Emission Factors - Scope 2 (kg/kWh)	kgCO ₂ -e/kWh
Electricity (renewables)	0.0000
Turkey Electrical energy (grid)	0.4661
Bahrain Electrical energy (grid)	0.6905
Iraq Electrical energy (grid)	1.0441
US Electrical energy (grid)	0.3818
Qatar Electrical energy (grid)	0.4769

Emission Factors - Scope 3	Unit	
Employee services	Q1,Q2: 0.28453 Q3: 0.26259 Q4: 0.26529	kgCO ₂ -e/km
Short distance flights for business purposes	0.000208	tCO ₂ -e/mil x passenger
Medium distance flights for business purposes.	0.000132	tCO ₂ -e/mil x passenger
Long distance flights for business purposes	0.000162	tCO ₂ -e/mil x passenger
Paper use	Q1, Q2: 939 Q3, Q4: 914	kgCO ₂ -e/t
Tap water	Q1, Q2: 1.052 Q3, Q4: 0.421	tCO ₂ -e/m³
Drinking water	Q1, Q2, Q3: 0.717 Q4: 0.33525	tCO ₂ -e/l
Waste oil	Q1, Q2: 0.021 Q4: 0.021294	tCO ₂ -e/l
Paper disposal	Q1, Q2: 0.021 Q4: 0.021294	tCO ₂ -e/t
Sending mail	30	grCO ₂ -e/number

SCOPE NAME	Activity Data	Emission tCO ₂ e
Indirect greenhouse gas emissions associated with the use of products coming from the organization	Extending a New Loan for Investment Purposes	392,727.27*

* Within the scope of Category C specified in Article 17 of the Fourth Part of the Communiqué on Monitoring and Reporting of Greenhouse Gas Emissions of the Ministry of Environment, Urbanization, and Climate Change, it is stated that the annual emission amount of 1 facility in the iron and steel sector is between 500,000 tCO₂e and 2,500,000 tCO₂e. In this context, the emission amount (A), which is the average of 1 facility, was used.
* Only new investment projects are included in the calculation.

Category C average annual emission per facility	1,500,000 (A)	tCO ₂ e
Category C average annual emission of 3 facilities	4,500,000 (A*3) = (C)	tCO ₂ e
The emission amount according to the credit utilization rate 2021 (3 FACILITIES)	392,727.27 (C* B) = (D)	tCO ₂ e

5. Restatement

The measuring and reporting of sustainability-related data inevitably involves a degree of estimation. Restatements are considered where there is a change in the data of greater than 5% at the Bank level.

ANNEX 6: VERIFICATION STATEMENT

BSI Verification Statement



Verification Opinion

GHGEV 690581 – 22.02.2022

Responsible Party: TURKIYE VAKIFLAR BANKASI T.A.O.
Vakıfbank İstanbul Genel Müdürlüğü
No:7/A-B Saray Mah. Dr. Adnan Büyükdenez Cad.
Ümraniye/İstanbul, 34768, Turkey

Type of GHG Statement:
Organisational

Identification of GHG Statement:
TURKIYE VAKIFLAR BANKASI T.A.O. GHG Report 2021

Scope of activities:
Banking services

Organisational Boundary:
Operational Control

Sites Included in Organisational Boundary:
VAKIFBANK has both administrative and financial control over its operations. All emissions arising from all activities of Vakıfbank at its Head Office, Regional Directorates, branches, affiliated branches and ATMs are within organizational limits

Reporting Boundary:
GHG emissions aggregated into the following categories at the organisational level
a) Direct GHG emissions and removals
b) Indirect greenhouse gas emissions from imported energy;
c) Indirect GHG emissions from transportation
d) Indirect GHG emissions from products used by the organisation
e) Indirect GHG emissions associated with the use of products from the organisation
f) Greenhouse gas emissions from other sources

...making excellence a habit.™



BSI Verification Statement

Criteria for developing the organisational carbon footprint:
ISO14064-1:2018
TURKIYE VAKIFLAR BANKASI T.A.O. GHG Management System Documentation

Level of Assurance:
Limited

Materiality level:
%10

Period:
01.01.2021-31.12.2021

GHG Emissions:

DIRECT GHG EMISSIONS		
1- Direct GHG emissions and removals;	12,796	tCO2e
INDIRECT GHG EMISSIONS		
2 - Indirect GHG emissions from imported energy;	5,406	tCO2e
3 - Indirect GHG emissions from transportation;	1,699	tCO2e
4 - Indirect GHG emissions from products used by organization;	763	tCO2e
5 - Indirect GHG emissions associated with the use of products from the organization;	392,728	tCO2e
6 - Indirect GHG emissions from other sources	999	tCO2e
TOPLAM	414,391	tCO2e

Non-biogenic GHG emissions	414,391	tCO2e
Anthropogenic biogenic GHG emissions	0	tCO2e
Non-anthropogenic biogenic GHG emissions	0	tCO2e
TOPLAM	414,391	tCO2e



ANNEX 6: VERIFICATION STATEMENT

BSI Verification Statement

Verification Opinion: Verified as Satisfactory

Based on the process and procedures conducted, there is no evidence that the GHG report 2021 produced by TURKIYE VAKIFLAR BANKASI T.A.O.

- is not a fair representation of GHG data and information;
- has not been prepared in accordance with ISO14064-1:2018

Verification Activities:

The following were the verification activities undertaken:

- Evaluation of the monitoring and controls systems through interviewing employees observation & inquiry
- Verification of the data through sampling recalculation, retracing, cross checking, reconciliation

The quantification and reporting of the carbon footprint have been independently verified by BSI against the specifications defined in ISO 14064-1:2018. The verification activity has been carried out in accordance with ISO 14064-3:2019 and the principles of ISO 14065:2020

Responsibilities:

The data on which the footprint is based has been provided by TURKIYE VAKIFLAR BANKASI T.A.O. in the document GHG report 2021. This document is the responsibility of TURKIYE VAKIFLAR BANKASI T.A.O. and is historical in nature.

The responsible party is responsible for the preparation and fair presentation of the GHG statement in accordance with the criteria.

The verifier is responsible for expressing an opinion on the GHG statement based on the verification

Lead Verifier: Furkan Sadıkoğlu

Signed on behalf of BSI: Yonca Çakır



Issue Date: 01.03.2022

NOTE: BSI Eurasia Belgelendirme Hizm. Ltd. Sti. is independent to and has no financial interest in TURKIYE VAKIFLAR BANKASI T.A.O. This verification Opinion has been prepared for TURKIYE VAKIFLAR BANKASI T.A.O. only for the purposes of verifying its statement relating to its carbon emissions more particularly described in the scope above. It was not prepared for any other purpose. In making this Statement, BSI Eurasia Belgelendirme Hizm. Ltd. Sti. has assumed that all information provided to it by TURKIYE VAKIFLAR BANKASI T.A.O. is true, accurate and complete. BSI Eurasia Belgelendirme Hizm. Ltd. Sti. accepts no liability to any third party who places reliance on this Statement.

ANNEX 7: CORPORATE GOVERNANCE COMPLIANCE REPORT (CRF) AND CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

CORPORATE GOVERNANCE COMPLIANCE REPORT						
COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					The General Assembly meetings are open to all stakeholders, however there was no media participation to the 67 th Ordinary General Assembly meeting.

ANNEX 7: CORPORATE GOVERNANCE COMPLIANCE REPORT (CRF) AND CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

CORPORATE GOVERNANCE COMPLIANCE REPORT						
COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	There is no company in which the Bank has cross-ownership and no votes were cast in the 67 th Ordinary General Assembly for this reason.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.					X	There is no minority rights in the Bank.
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.					X	
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					Considering that the negative reflections of the Covid-19 epidemic that experienced in the world and in our country may continue in 2021 on the real economy and financial markets, it was recommended by BRSA to maintain the conservative policies to sustain banks' strong capital structures and keep the profit within the body. In accordance, the Bank decided not to distribute profits to the shareholders.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT						
COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				Investor Relations part is the same in English and Turkish versions. Other pages on the Bank's corporate website can be different upon to the content.
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. MENFAAT SAHİPLERİNE İLİŞKİN ŞİRKET POLİTİKASI						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

ANNEX 7: CORPORATE GOVERNANCE COMPLIANCE REPORT (CRF) AND CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

CORPORATE GOVERNANCE COMPLIANCE REPORT						
COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION’S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.		X				There is no agreement or inhouse guideline that determines the employees' participation to the management. However, the Bank applies to the opinion of internal stakeholders through surveys or various interaction channels while determining the priority investment areas in the fields like sustainability.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT						
COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
3.3. HUMAN RESOURCES POLICY						
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

ANNEX 7: CORPORATE GOVERNANCE COMPLIANCE REPORT (CRF) AND CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

CORPORATE GOVERNANCE COMPLIANCE REPORT						
COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				Losses incurred by the members of the Board of Directors as a result of their faults during their term of office, are not covered under insurance in 2021. Employer's Liability Insurance for 2022 is planned.

CORPORATE GOVERNANCE COMPLIANCE REPORT						
COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			There is no policy for this. However, among the Board members, there is one woman member.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.	X					The Board members of the Bank are allowed to carry out operations within the framework of the Article 395 and 396 of Turkish Commercial Code and this matter is submitted to the information and approval of General Assembly on a separate agenda topic.

ANNEX 7: CORPORATE GOVERNANCE COMPLIANCE REPORT (CRF) AND CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

CORPORATE GOVERNANCE COMPLIANCE REPORT						
COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			The appointment of the Members of the Board of Directors in committees is performed by taking into consideration their knowledge and experience and in line with the relevant legislation and some Members of the Board of Directors are appointed to more than one committee. However, those members who assume duties in more than one committee ensure communication and increase cooperation opportunities among committees that work in related matters.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	There is no consulting company/ counselor that the committee gets service.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT						
COMPLIANCE STATUS	YES	PARTIAL	NO	EXEMPTED	NOT APPLICABLE	EXPLANATION
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			The performance of the Board of Directors is not evaluated, however performance evaluation is planned in the medium term.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			The remuneration information is not published on an individual basis. Nevertheless, it is included collectively under the title of “Board of Directors Remuneration” in the section of Corporate Governance in 2021 Integrated Report within the section of Corporate Governance Compliance Report (Page 151)

ANNEX 7: CORPORATE GOVERNANCE COMPLIANCE REPORT (CRF) AND CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

CORPORATE GOVERNANCE FACT SHEET (CGFS)	
1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	Within the scope of the measures taken for the Covid 19 pandemic throughout 2021, all meetings that in-bank and face-to-face, trainings and conferences were cancelled and more than 170 meetings were held, most of which were via teleconference and videoconferences, and over 300 investors / analysts were interviewed. 8 local and foreign investor conferences and webinars, and online meetings were held with over 200 local and foreign institutional investors.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	There was no demand for private auditor in 2021.
The number of special audit requests that were accepted at the General Shareholders’ Meeting	There was no demand for private auditor.
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/914903
Whether the company provides materials for the General Shareholders’ Meeting in English and Turkish at the same time	The documents regarding the General Assembly are published in Turkish and English at the same time https://www.vakifbank.com.tr/genel-kurul.aspx?pageID=1042 https://www.vakifbank.com.tr/general-assembly.aspx?pageID=651
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such an action stated within the scope of the principle 1.3.9.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	Pursuant to the Article 9 and paragraph 8 of Communiqué on Corporate Governance (II-17.1), banks are not required to fulfill the provisions of this article.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	In accordance with the Article 10 and paragraph 4 of Communiqué on Corporate Governance (II-17.1), banks are not liable to this article.
The name of the section on the corporate website that demonstrates the donation policy of the company	Home Page / Investor Relations / Corporate Governance / Policies / Donation and Aid Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2785
The relevant link to the PDP with minute of the General Shareholders’ Meeting where the donation policy has been approved	https://www.kap.org.tr/en/Bildirim/426548
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders’ Meeting	Article 14
Identified stakeholder groups that participated in the General Shareholders’ Meeting, if any	Board members, shareholders and their representatives attended the Ordinary General Assembly meeting of 2020, held on 26 March 2021.

CORPORATE GOVERNANCE FACT SHEET (CGFS)	
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	37.45%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	-
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Home Page / Investor Relations / Corporate Governance / Policies / Profit Distribution Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2786
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	Home Page / Investor Relations / General Assembly / 2021 / Summary of the General Assembly Meeting https://www.vakifbank.com.tr/general-assembly.aspx?pageID=651
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/en/Bildirim/921166

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders’ Meeting	Shareholder participation rate to the General Shareholders’ Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders’ Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders’ Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
26.03.2021	0	85.4948%	0.0047%	85.4901%	https://www.vakifbank.com.tr/general-assembly.aspx?pageID=651 Home Page / Investor Relations / General Assembly / 2021 / Summary of the General Assembly Meeting	https://www.vakifbank.com.tr/general-assembly.aspx?pageID=651	There was no agenda item or paragraph about related parties.	128	https://www.kap.org.tr/en/Bildirim/921166

ANNEX 7: CORPORATE GOVERNANCE COMPLIANCE REPORT (CRF) AND CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

CORPORATE GOVERNANCE FACT SHEET (CGFS)	
2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	https://www.vakifbank.com.tr/investor-relations.aspx?pageID=625 Home Page/ Investor Relations/ About Us
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	There is no real person who has directly or indirectly more than 5% of shares.
List of languages for which the website is available	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	2021 Integrated Annual Report Part: Corporate Governance Principles Compliance Report Chapter V- Board of Directors Page 147-151
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	2021 Integrated Annual Report Part: Committees Page 134-135
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	2021 Integrated Annual Report Part: Committees Page 134-135
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	2021 Integrated Annual Report Part: Information On Legislative Amendments That Might Affect The Bank's Activities Materially Page 161-163
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	2021 Integrated Annual Report Part: Other Information on Bank and its Operations Page 163
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	2021 Integrated Annual Report Part: Outsourced Support Services Page 136
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	2021 Integrated Annual Report Part: Corporate Governance Principles Compliance Report Page 141
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	2021 Integrated Annual Report Part: Human Capital Page 102-115 Part: Our Social and Relational Capital, Corporate Social Responsibility in VakıfBank Page 96-97

CORPORATE GOVERNANCE FACT SHEET (CGFS)		
3. STAKEHOLDERS		
3.1. Corporation’s Policy on Stakeholders		
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Home Page / Investor Relations / Corporate Governance / Policies / Indemnity Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2790	
The number of definitive convictions the company was subject to in relation to breach of employee rights	20	
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Audit Board, Human Resources	
The contact detail of the company alert mechanism	For external stakeholders and employees ethics@vakifbank.com.tr , https://www.vakifbank.com.tr/Default.aspx?pageID=2794 In addition, for employees Audit Board Notice Page on Bank’s intranet	
3.2. Supporting the Participation of the Stakeholders in the Corporation’s Management		
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	There is not.	
Corporate bodies where employees are actually represented	The Bank Finance and Insurance Employees Union (BASS)	
3.3. Human Resources Policy		
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	There is not.	
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Home Page / Investor Relations / Corporate Governance / Policies / Human Rights and Employee Rights Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2787	
Whether the company provides an employee stock ownership programme	There is not an employee stock ownership programme.	
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Home Page / Investor Relations / Corporate Governance / Policies / Human Rights and Employee Rights Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2787 Home Page / Investor Relations / Corporate Governance / Policies / Equal Opportunity Policy https://www.vakifbank.com.tr/Default.aspx?pageID=4025	
The number of definitive convictions the company is subject to in relation to health and safety measures	1	
3.5. Ethical Rules and Social Responsibility		
The name of the section on the corporate website that demonstrates the code of ethics	Home Page / Investor Relations / Corporate Governance / Policies / Ethical Principles https://www.vakifbank.com.tr/Default.aspx?pageID=2794	
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	The Bank’s practices in the realm of corporate social responsibility have been included in the Integrated Annual Reports of the Bank on an annual basis.	
Any measures combating any kind of corruption including embezzlement and bribery	Home Page / Investor Relations / Corporate Governance / Policies / Anti-Bribery and Corruption Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2783	

ANNEX 7: CORPORATE GOVERNANCE COMPLIANCE REPORT (CRF) AND CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

CORPORATE GOVERNANCE FACT SHEET (CGFS)	
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	There is no assessment.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	The distribution of duties for the Board of Directors consists of their duties in committees.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	Within the scope of the Regulation on Banks’ Internal Systems and Internal Capital Adequacy Evaluation Process, the reports about the practices of the Bank are presented to the Audit Committee every three months by the Internal Control Department.
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	2021 Integrated Annual Report Part: Assessment Of The Internal Systems and Operations Page 159-163
Name of the Chairman	Mustafa Saydam
Name of the CEO	Abdi Serdar Üstünsalih
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Pursuant to of Article 24 Paragraph 1 of the VakıfBank Articles of Incorporation, Chairman of the Board of Directors cannot be elected as CEO.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company’s capital	Losses incurred by the members of the Board of Directors as a result of their faults during their term of office, are not covered under insurance in 2021. Employer’s Liability Insurance for 2022 is planned.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	There is not.
The number and ratio of female directors within the Board of Directors	1, 11.11%

Composition of Board of Directors

Name-Surname	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether the Director has at Least 5 Years' Experience on Audit, Accounting and/or Finance or not
Abdülkadir Aksu	Non-executive	Independent director	27.05.2019	Public Disclosure Platform Notification has not been made	Considered	No	No
Mustafa Saydam	Non-executive	Not independent director	26.03.2021	-			Yes
Abdi Serdar Üstünsalih	Executive	Not independent director	27.05.2019	-			Yes
Dr. Adnan Ertem	Non-executive	Not independent director)	28.10.2010	-			Yes
Şahin Uğur	Non-executive	Not independent director	9.06.2017	-			Yes
Dilek Yüksel	Non-executive	Independent director	29.03.2016	Public Disclosure Platform Notification has not been made	Considered	No	Yes
Serdar Tunçbilek	Non-executive	Independent director	9.06.2017	Public Disclosure Platform Notification has not been made	Considered	No	Yes
Sadık Yakut	Non-executive	Not independent director	27.05.2019	-			No
Cemil Ragıp Ertem	Non-executive	Not independent director	13.08.2018	-			Yes

ANNEX 7: CORPORATE GOVERNANCE COMPLIANCE REPORT (CRF) AND CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

CORPORATE GOVERNANCE FACT SHEET (CGFS)	
4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	The Board of Directors have been gathered 63 times in 2021.
Director average attendance rate at board meetings	99%
Whether the board uses an electronic portal to support its work or not	Yes
Depending on the number of the files sent to the Board of Directors’ Affairs Department, the files are given collectively a couple of days before the meeting.	Depending on the number of the files sent to the Board of Directors’ Affairs Department, the files are given collectively a couple of days before the meeting.
The name of the section on the corporate website that demonstrates information about the board charter	The relevant information has been given in the section of Investor Relations/ Corporate Governance/ Articles of Incorporation.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no policy related with this. However, the shareholders allowed the Board of Directors to take other positions out of the Bank pursuant to the Article 396 of Turkish Commercial Code which is titled “Prohibition of Competition” in the 67 th General Assembly Meeting 2021.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	2021 Integrated Annual Report Part: Committees Page 134-135
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/Bildirim/921184

Composition of Board Committees-II

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee		Dilek Yüksel	No	Board member
Audit Committee		Serdar Tunçbilek	No	Board member
Other	Credit Committee	Abdi Serdar Üstünsalih	No	Board member
Other	Credit Committee	Şahin Uğur	No	Board member
Other	Credit Committee	Serdar Tunçbilek	No	Board member
Other	Credit Committee	Dilek Yüksel	No	Board member
Other	Credit Committee	Dr. Adnan Ertem	No	Board member
Corporate Governance Committee		Dilek Yüksel	No	Board member
Corporate Governance Committee		Sadık Yakut	No	Board member
Corporate Governance Committee		Abdülkadir Aksu	No	Board member
Corporate Governance Committee		Ali Tahan	No	Not board member
Corporate Governance Committee		Korhan Turgut	No	Not board member
Remuneration Committee		Mustafa Saydam	No	Board member
Remuneration Committee		Dr. Adnan Ertem	No	Board member

ANNEX 7: CORPORATE GOVERNANCE COMPLIANCE REPORT (CRF) AND CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

CORPORATE GOVERNANCE FACT SHEET (CGFS)	
4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Home Page / Investor Relations / Corporate Governance / Committees https://www.vakifbank.com.tr/committees.aspx?pageID=2528
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Home Page / Investor Relations / Corporate Governance / Committees https://www.vakifbank.com.tr/committees.aspx?pageID=2528
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	In accordance with the Article 4.5.1 of Communiqué on Corporate Governance (II-17.1), Corporate Governance Committee carries out the duties of the Nomination Committee. Home Page / Investor Relations / Corporate Governance / Committees https://www.vakifbank.com.tr/committees.aspx?pageID=2528
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Audit Committee carries out the duties of early detection of risk committee. Home Page / Investor Relations / Corporate Governance / Committees https://www.vakifbank.com.tr/committees.aspx?pageID=2528
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Home Page / Investor Relations / Corporate Governance / Committees https://www.vakifbank.com.tr/committees.aspx?pageID=2528
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	2021 Integrated Annual Report Part: Our Financial Capital, Evaluation Of The Bank’s Financial Position, Profitability And Solvency 498-499
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Home Page / Investor Relations / Corporate Governance / Policies / Remuneration Policy https://www.vakifbank.com.tr/Default.aspx?pageID=2789
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	2021 Integrated Annual Report Part: Corporate Governance Principles Compliance Report, Monetary Benefits to the Board of Directors Page 151

Composition of Board Committees-III

Names Of The Board Committees	Name of committees defined as “Other” in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee		100%	100%	20	74
Other	Credit Committee	80%	40%	40	380
Corporate Governance Committee		100%	40%	4	4
Remuneration Committee		100%	0%	3	3

ANNEX 8: UN GLOBAL COMPACT (UNGC) COMMUNICATION ON PROGRESS (COP)

UN Global Compact (UNGC) Communication on Progress (COP)		
Principles		Related Title
HUMAN RIGHTS	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Responsible Finance Equal Opportunity and Diversity VakıfBank Human Rights and Employee Rights Policy VakıfBank Ethical Principles Policy Supplier Selection and Compliance Policy Equal Opportunity Policy
		Responsible Finance Equal Opportunity and Diversity VakıfBank Human Rights and Employee Rights Policy VakıfBank Ethical Principles Policy Supplier Selection and Compliance Policy
		Remuneration and Benefits VakıfBank Human Rights and Employee Rights Policy VakıfBank Ethical Principles Policy Annex-4: Social Performance Indicators
		Responsible Finance Equal Opportunity and Diversity VakıfBank Human Rights and Employee Rights Policy Supplier Selection and Compliance Policy
WORKING STANDARDS	Principle 4: The elimination of all forms of forced and compulsory labor	Responsible Finance Equal Opportunity and Diversity VakıfBank Human Rights and Employee Rights Policy Supplier Selection and Compliance Policy
		Responsible Finance Equal Opportunity and Diversity VakıfBank Human Rights and Employee Rights Policy Supplier Selection and Compliance Policy
		Equal Opportunity and Diversity VakıfBank Human Rights and Employee Rights Policy Supplier Selection and Compliance Policy
		Annex-4: Social Performance Indicators
ENVIRONMENT	Principle 7: Businesses should support a precautionary approach to environmental challenges	Climate Change and Environmental Performance of the Bank Responsible Finance VakıfBank Ethical Principles Policy Environmental Policy Sustainability Policy
		Climate Change and Environmental Performance of the Bank Responsible Finance and Sustainable Development Environmental Policy Sustainability Policy Supplier Selection and Compliance Policy
		Climate Change and Environmental Performance of the Bank Responsible Finance and Sustainable Development Digital Transformation Environmental Policy Sustainability Policy VakıfBank Anti-Bribery and Corruption Policy VakıfBank Ethical Principles Policy
		Principle 9: Businesses should encourage the development and diffusion of environment-friendly technologies
ANTI-CORRUPTION	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance Anti-Bribery and Anti-Corruption Responsible Supply Chain Supplier Selection and Compliance Policy

ANNEX 9: UN WOMEN’S EMPOWERMENT PRINCIPLES (UN WEPS) COMMUNICATION ON PROGRESS

UN WEPS Progress Report		Related Title
Principle 1	Providing High-Level Corporate Leadership for Gender Equality	Equal Opportunity and Diversity Our Material Topics and Sustainability Approach
Principle 2	Treating All Men and Women Fairly at the Workplace, Respecting Human Rights and Principles of Non-Discrimination, and Supporting These Principles;	Equal Opportunity and Diversity Capacity Building and Talent Management Remuneration and Benefits VakıfBank Remuneration Policy VakıfBank Ethical Principles Policy Equal Opportunity Policy
Principle 3	Ensuring Health, Security and Prosperity for All Women and Men	Equal Opportunity and Diversity Safe Working Environment Remuneration and Benefits Ethical Principles Occupational Health and Safety Policy VakıfBank Ethical Principles Policy VakıfBank Human Rights and Employee Rights Policy Equal Opportunity Policy
Principle 4	Supporting Women Through Education, Courses and Professional Development Opportunities	Equal Opportunity and Diversity Capacity Building and Talent Management Employee Development and Trainings Equal Opportunity Policy
Principle 5	Application of Entrepreneurial Development, Supply Chain and Marketing Methods for Women's Empowerment	Support to the Real Sector Support for SMEs Equal Opportunity and Diversity Supplier Selection and Compliance Policy Equal Opportunity Policy
Principle 6	Promoting Equality through Community Initiatives and Advocacy Work	Equal Opportunity and Diversity Corporate Social Responsibility at VakıfBank-Sport Equal Opportunity Policy
Principle 7	Evaluating the Achievements Regarding Gender Equality and Public Reporting	2021 Awards Equal Opportunity and Diversity Corporate Social Responsibility at VakıfBank-Sport Annex-4 Social Performance Indicators

ANNEX 10: TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Suggestion	Recommended Statement	Related Reference
Governance	Describe the board’s oversight of climate-related risks and opportunities.	Sustainability Management CDP Climate Change Report 2021 C1.1b
	Describe management’s role in assessing and managing climate-related risks and opportunities.	Sustainability Management Our Material Topics and Sustainability Approach Climate Change and Environmental Performance of the Bank Risk Management CDP Climate Change Report 2021 C1.2 C1.2a
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium- and long-term.	Financial Capital Risks and Opportunities Intellectual Capital Risks and Opportunities Manufactured Capital Risks and Opportunities Social and Relational Capital Risks and Opportunities Human Capital Risks and Opportunities Natural Capital Risks and Opportunities Risk Management CDP Climate Change Report 2021 C2.1a C2.3 C2.3a C2.4 C2.4a
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Our Material Topics and Sustainability Approach Responsible Finance and Sustainable Development Climate Change and Environmental Performance of the Bank CDP Climate Change Report 2021 C2.3a C2.4a C3.1 C3.1b C3.1d C3.1e c3.1f
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 ° C or lower scenario.	Climate Change and Environmental Performance of the Bank List of Companies within the Science-Based Goals initiative CDP Climate Change Report 2021 C3.1a C3.1b
	Describe the organization's processes for identifying and assessing climate-related risks.	Our Material Topics and Sustainability Approach Responsible Finance and Sustainable Development Climate Change and Environmental Performance of the Bank CDP Climate Change Report 2021 C2.1 C2.2 C2.2a C-FS2.2b C-FS2.2c C-FS2.2f Environmental Policy
Risk Management	Describe the organization's processes for managing climate-related risks.	Responsible Finance and Sustainable Development Climate Change and Environmental Performance of the Bank Risk Management CDP Climate Change Report 2021 C2.1 C2.2 C-FS2.2f
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	Risk Management Responsible Finance and Sustainable Development CDP Climate Change Report 2021 C2.1 C2.2
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Financial Capital Risks and Opportunities Intellectual Capital Risks and Opportunities Manufactured Capital Risks and Opportunities Social and Relational Capital Risks and Opportunities Human Capital Risks and Opportunities Natural Capital Risks and Opportunities Responsible Finance and Sustainable Development Climate Change and Environmental Performance of the Bank Risk Management Annex 3: Environmental Performance Indicators CDP Climate Change Report 2021 C4.2 C4.2a C4.2b C9.1
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3, greenhouse gas (GHG) emissions, and the related risks.	Annex 3: Environmental Performance Indicators CDP Climate Change Report 2021 C6.1 C6.3 C6.5 C-FS14.1 C-FS14.1c
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Our Performance Indicators by Capital Elements Our Medium and Long-Term (3 to 5 Years) Goals Climate Change and Environmental Performance of the Bank CDP Climate Change Report 2021 C4.1 C4.1a C4.1b C4.2 C4.2a C4.2b

ANNEX 11: GRI STANDARDS CONTENT INDEX



We developed the content of the report in accordance with the GRI Standards ‘Core’ option requirements. The accuracy of the references for the General Disclosures between 102-40 and 102-49 is reviewed and confirmed within the Materiality Disclosures Service provided by GRI. The service was performed on the Turkish version of the report.

GRI STANDARD	STATEMENTS	RELATED TITLE	Page Number
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Corporate Profile		
	102-1	About the Report	10
	102-2	History and Ownership Structure	20-21
	102-3	VakıfBank in Brief	16
	102-4	Financial Inclusion	86
	102-5	Türkiye Vakıflar Bankası T.A.O. Ownership Structure and Changes	20-21
	102-6	Financial Inclusion	86
	102-7	VakıfBank in Brief	16
		Annex 2: Five-Year Summary Financial Information	497-498
		Our Value Creation Model	48-50
	102-8	VakıfBank in Brief	16
		Annex-4: Social Performance Indicators	501-503
	102-9	Responsible Supply Chain	98
		Outsourced Support Services	136
	102-10	VakıfBank Disclosure of Material Events	https://www.vakifbank.com.tr/ozel-durum-aciklamalari.aspx?pageID=405
	102-11	Climate Change and Environmental Performance of the Bank	118-119
		Sustainability Management	173
		Risk Management	164-169
		Annex 10: Task Force on Climate-Related Financial Disclosures (TCFD)	533
	102-12	Memberships and Collaborations	95
		Our Material Topics and Sustainability Approach	42-44
	102-13	Memberships and Collaborations	95

GRI STANDARD	STATEMENTS	RELATED TITLE	Page Number
GRI 102: General Disclosures 2016	Strategy		
	102-14	Message from the Chairman	12-13
		Message from the General Manager	14-15
	102-15	Our Material Topics and Sustainability Approach	42-45
		Our Value Creation Model	48-50
		Corporate Governance	121
		Risk Management	164-169
		Our Medium and Long Term Goals	52-53
		Annex 10: Task Force on Climate-Related Financial Disclosures (TCFD)	533
		Financial Capital Risks and Opportunities	57
		Intellectual Capital Risks and Opportunities	73
		Manufactured Capital Risks and Opportunities	85
		Social and Relational Capital Risks and Opportunities	91
		Human Capital Risks and Opportunities	103
		Natural Capital Risks and Opportunities	117
	Ethics and Integrity		
	102-16	VakıfBank’s Cornerstones	17
	102-17	ETHICAL PRINCIPLES AND ETHICS COMMISSION	135
		Ethical Principles	170
	Governance		
	102-18	Corporate Governance	121
		Committee Structures and Policies	133
		Committees	134-135
		SECTION V- BOARD OF DIRECTORS	147-151
		Sustainability Management	173
	102-19	Sustainability Management	173
		SECTION V- BOARD OF DIRECTORS	147-151
		Committees	134-135
		Committee Structures and Policies	133
	102-20	Sustainability Management	173
		Committees	134-135
	102-21	Determining the Materiality	46
		Sustainability Management	173
		Our Value Creation Model	48-50
	102-22	SECTION V- BOARD OF DIRECTORS	147-151
		Committees	134-135
	102-23	Board of Directors	123-126

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GRI STANDARD	STATEMENTS	RELATED TITLE	Page Number
GRI 102: General Disclosures 2016	102-26	SECTION V- BOARD OF DIRECTORS	147-151
		Committees	134-135
		Our Medium and Long Term Goals	52-53
		Climate Change and Environmental Performance of the Bank	118-119
	102-27	Sustainability Management	173
		Determining the Materiality	46
		Committees	134-135
	102-29	Corporate Governance	121
		Committees	134-135
		Sustainability Management	173
		Our Value Creation Model	48-50
	102-30	Risk Management	164-169
	102-31	Number of Meetings and Decisions of the Committees	135
	102-32	Sustainability Management	173
		Determining the Materiality	46
	102-33	Sustainability Management	173
		Determining the Materiality	46
		Stakeholder Engagement and Transparency	94-95
	102-35	VakıfBank Remuneration Policy	https://www.vakifbank.com.tr/Default.aspx?pageID=2789
	102-38	Explanations and Notes to the Consolidated Financial Statements Dated 31 December 2021 - Explanations on Provisions	472
		Explanations and Notes to the Unconsolidated Financial Statements Dated 31 December 2021 - Explanations on Provisions	311

GRI STANDARD	STATEMENTS	RELATED TITLE	Page Number
GRI 102: General Disclosures 2016	Stakeholder Engagement		
	102-40	Stakeholder Engagement and Transparency	94-95
	102-41	Remuneration and Benefits	107
	102-42	Our Material Topics and Sustainability Approach	42-45
		Stakeholder Engagement and Transparency	94-95
	102-43	Our Material Topics and Sustainability Approach	42-45
		Stakeholder Engagement and Transparency	94-95
	102-44	Our Sustainability Approach	42-44
		Our Sustainability Material Topics	45
		Determining the Materiality	46
		Stakeholder Engagement and Transparency	94-95
	Reporting Practice		
	102-45	Consolidated Financial Statements and Related Disclosures At December 31, 2021 Together with Independent Auditors’ Report	340
	102-46	About the Report	10
		Our Material Topics and Sustainability Approach	42-45
	102-47	Our Material Topics and Sustainability Approach	42-45
	102-48	No reorganization made	537
	102-49	Our Sustainability Material Topics	45
	102-50	About the Report	10
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	102-54	About the Report	10
	102-55	GRI Content Index	534
	102-56	Compliance Opinions	174-177
		Annex 6: Verification Statement	510-512

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GRI 200 Economic Standard Series			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Our Value Creation Model	48-50
		Financial and Economic Performance	58
		Evaluation of the Bank’s Financial Position, Profitability and Solvency	494-495
		Easy Access Power to International Resources	60-61
	103-2	Our Value Creation Model	48-50
		Financial and Economic Performance	58
		Evaluation of the Bank’s Financial Position, Profitability and Solvency	494-495
		Easy Access Power to International Resources	60-61
	103-3	Our Value Creation Model	48-50
		Financial and Economic Performance	58
		Evaluation of the Bank’s Financial Position, Profitability and Solvency	494-495
		Easy Access Power to International Resources	60-61
GRI 201: Economic Performance 2016	201-1	Direct Economic Value Generated and Distributed	59
	201-4	Explanations and Notes to the Consolidated Financial Statements Dated 31 December 2021 INFORMATION ON GOVERNMENT INCENTIVES	378
		Explanations and Notes to the Unconsolidated Financial Statements Dated 31 December 2021 INFORMATION ON GOVERNMENT INCENTIVES	220
		Indirect Economic Impacts	
GRI 103: Management Approach 2016	103-1	Responsible Finance and Sustainable Development	62-71
	103-2	Responsible Finance and Sustainable Development	62-71
	103-3	Responsible Finance and Sustainable Development	62-71

GRI STANDARD	STATEMENTS	RELATED TITLE	Page Number	
GRI 203: Indirect Economic Impacts 2016	203-1	Responsible Finance and Sustainable Development	62-71	
		Annex 2: Five-Year Summary Financial Information	497-498	
	203-2	Responsible Finance and Sustainable Development	62-71	
		Annex 2: Five-Year Summary Financial Information	497-498	
ANTI-CORRUPTION				
GRI 103: Management Approach 2016	103-1	Anti-Bribery and Anti-Corruption	172	
		Prevention of Laundering of Criminal Proceeds and Terrorism Financing	171	
	103-2	Anti-Bribery and Anti-Corruption	172	
		Ethical Principles	170	
		Prevention of Laundering of Criminal Proceeds and Terrorism Financing	171	
	103-3	Anti-Bribery and Anti-Corruption	172	
		Prevention of Laundering of Criminal Proceeds and Terrorism Financing	171	
	GRI 205: Anti-Corruption 2016	205-1	Anti-Bribery and Anti-Corruption	172
			Prevention of Laundering of Criminal Proceeds and Terrorism Financing	171
		205-2	Anti-Bribery and Anti-Corruption	172
Prevention of Laundering of Criminal Proceeds and Terrorism Financing			171	
205-3		Anti-Bribery and Anti-Corruption	172	
		Prevention of Laundering of Criminal Proceeds and Terrorism Financing	171	
Tax				
GRI 103: Management Approach 2016	103-1	Explanations and Notes to the Consolidated Financial Statements Dated 31 December 2021 - INFORMATION ON GOVERNMENT INCENTIVES	375-377	
		Explanations and Notes to the Unconsolidated Financial Statements Dated 31 December 2021 - INFORMATION ON GOVERNMENT INCENTIVES	217-219	
	103-2	Explanations and Notes to the Consolidated Financial Statements Dated 31 December 2021 - INFORMATION ON GOVERNMENT INCENTIVES	375-377	
		Explanations and Notes to the Unconsolidated Financial Statements Dated 31 December 2021 - INFORMATION ON GOVERNMENT INCENTIVES	217-219	
	103-3	Explanations and Notes to the Consolidated Financial Statements Dated 31 December 2021 - INFORMATION ON GOVERNMENT INCENTIVES	375-377	
		Explanations and Notes to the Unconsolidated Financial Statements Dated 31 December 2021 - INFORMATION ON GOVERNMENT INCENTIVES	217-219	

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GRI STANDARD	STATEMENTS	RELATED TITLE	Page Number
GRI 207: Tax 2019	207-1	VakıfBank acts in line with the principle of transparency in tax. In this context, you can access our Bank's tax practices from the Explanations Regarding Tax Practices in Section 3 of the Independent Audit Report. In addition, our Bank contributes to the development of the financial system by sharing its views on tax-related issues with the relevant institutions and organizations in order to support sustainable development.	540
	207-2	VakıfBank acts in line with the principle of transparency in tax. In this context, you can access our Bank's tax practices from the Explanations Regarding Tax Practices in Section 3 of the Independent Audit Report. In addition, our Bank contributes to the development of the financial system by sharing its views on tax-related issues with the relevant institutions and organizations in order to support sustainable development.	540
GRI 300: Environmental Standards Series			
Energy			
GRI 103: Management Approach 2016	103-1	Climate Change and Environmental Performance of the Bank	118-119
	103-2	Climate Change and Environmental Performance of the Bank	118-119
	103-3	Climate Change and Environmental Performance of the Bank	118-119
		Annex 3: Environmental Performance Indicators	499-500
GRI 302: Energy 2016	302-1	Annex 3: Environmental Performance Indicators	499-500
	302-4	Annex 3: Environmental Performance Indicators	499-500
Water and Effluents			
GRI 103: Management Approach 2016	103-1	Climate Change and Environmental Performance of the Bank	118-119
	103-2	Climate Change and Environmental Performance of the Bank	118-119
	103-3	Climate Change and Environmental Performance of the Bank	118-119
GRI 303: Water and Wastewater 2018	303-3	Annex 3: Environmental Performance Indicators	499-500
	303-4	Annex 3: Environmental Performance Indicators	499-500

GRI STANDARD	STATEMENTS	RELATED TITLE	Page Number
Emissions			
GRI 103: Management Approach 2016	103-1	Climate Change and Environmental Performance of the Bank	118-119
	103-2	Climate Change and Environmental Performance of the Bank	118-119
	103-3	Climate Change and Environmental Performance of the Bank	118-119
GRI 305: Emissions 2016	305-1	Annex 3: Environmental Performance Indicators	499-500
	305-2	Annex 3: Environmental Performance Indicators	499-500
	305-3	Annex 3: Environmental Performance Indicators	499-500
	305-4	Annex 3: Environmental Performance Indicators	499-500
	305-5	Climate Change and Environmental Performance of the Bank	118-119
		Annex 3: Environmental Performance Indicators	499-500
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Climate Change and Environmental Performance of the Bank	118-119
	103-2	Climate Change and Environmental Performance of the Bank	118-119
	103-3	Climate Change and Environmental Performance of the Bank	118-119
GRI 307: Environmental Compliance 2016	307-1	During the reporting period, no penalty was imposed for non-compliance with environmental laws and regulations.	541
GRI 400: Social Standards Series			
Employment			
GRI 103: Management Approach 2016	103-1	Human Capital	102
	103-2	Human Capital	102
	103-3	Human Capital	102
		Annex-4: Social Performance Indicators	501-503
GRI 401: Employment 2016	401-1	Annex-4: Social Performance Indicators	501-503
	401-2	Remuneration and Benefits	107
		Equal Opportunity and Diversity	106
	401-3	Equal Opportunity and Diversity	106
		Annex-4: Social Performance Indicators	501-503

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GRI STANDARD	STATEMENTS	RELATED TITLE	Page Number
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Safe Working Environment	108-109
	103-2	Safe Working Environment	108-109
	103-3	Safe Working Environment	108-109
		Annex-4: Social Performance Indicators	501-503
GRI 403: Occupational Health and Safety 2016	403-1	Safe Working Environment	108-109
	403-2	Safe Working Environment	108-109
	403-3	Safe Working Environment	108-109
	403-4	Safe Working Environment	108-109
	403-5	Safe Working Environment	108-109
	403-6	Safe Working Environment	108-109
		Employee Engagement and Satisfaction	104-105
		Remuneration and Benefits	107
	403-7	Safe Working Environment	108-109
	403-8	Safe Working Environment	108-109
	403-9	Safe Working Environment	108-109
		Annex-4: Social Performance Indicators	501-503
	403-10	Safe Working Environment	108-109
		Annex-4: Social Performance Indicators	501-503

GRI STANDARD	STATEMENTS	RELATED TITLE	Page Number
Training and Education			
GRI 103: Management Approach 2016	103-1	Capacity Building and Talent Management	110-111
		Employee Development and Trainings	112-113
	103-2	Capacity Building and Talent Management	110-111
		Employee Development and Trainings	112-113
	103-3	Capacity Building and Talent Management	110-111
		Employee Development and Trainings	112-113
		Annex-4: Social Performance Indicators	501-503
		GRI 404: Education and Training 2016	404-1
Annex-4: Social Performance Indicators	501-503		
404-2	Employee Development and Trainings		112-113
404-3	Capacity Building and Talent Management		110-111
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Equal Opportunity and Diversity	106
	103-2	Equal Opportunity and Diversity	106
	103-3	Equal Opportunity and Diversity	106
		Annex-4: Social Performance Indicators	501-503
GRI 405: Diversity and Equal Opportunities 2016	405-1	Board of Directors	123-126
		Annex-4: Social Performance Indicators	501-503
	405-2	There is no gender discrimination in remuneration. Remuneration is based on performance.	543

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GRI STANDARD	STATEMENTS	RELATED TITLE	Page Number
Non-discrimination			
GRI 103: Management Approach 2016	103-1	Equal Opportunity and Diversity	106
	103-2	Equal Opportunity and Diversity	106
	103-3	Equal Opportunity and Diversity	106
GRI 406: Non-Discrimination 2016	406-1	There have been no incidents of discrimination.	544
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016	103-1	Remuneration and Benefits	107
	103-2	Remuneration and Benefits	107
	103-3	Remuneration and Benefits	107
GRI 407: Freedom of Association and Collective Bargaining	407-1	Annex-4: Social Performance Indicators	501-503
Material Topics that are not covered by the GRI Standards			
Digital Transformation			
GRI 103: Management Approach 2016	103-1	Our Intellectual Capital	72-83
	103-2	Our Value Creation Model	48-50
		Our Intellectual Capital	72-83
	103-3	Our Value Creation Model	48-50
		Our Intellectual Capital	72-83



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