QNB FINANSBANK

Driving growth in the new normal

Annual Report 2021

Contents

Message from the Chairperson

Ömer A. Aras
Chairperson

Dear Shareholders,

Two years have passed since the start of the pandemic. Post 2020 and 2021, which were over-shadowed by the pandemic that affected the entire world, we are now tentatively entering a recovery period.

Now the world finds hope in the messages of the World Health Organization and national health authorities stating that the pandemic will be under control during 2022, as the effects of new variants are mitigated with the distribution of the vaccine.

Even though the pandemic has changed its course now, lockdowns and measures imposed in the past two months due to the new variants continue to impact the world economy. In its latest World Economic Outlook Report published in January 2022, the IMF revised down its 2022 growth forecast for the global economy to 4.4%. According to the report, rising energy prices and supply disruptions resulted in higher and more broad-based inflation, notably in the United States and many developed and developing economies.

The US FED is expected to hike the interest rates to combat the surging inflation under the USA's new economic backdrop, and this will be one of the key developments to be closely monitored by the markets.

Rising energy prices in Turkey, in parallel with the world under these conditions, wrapped up 2021 with high inflation, together with the developments in monetary markets. The Turkish economy enters 2022 by sustaining its determination to combat inflation while managing the supply chain, supply-related troubles, and the restructuring of the real economy.

As a retreat in inflation is anticipated in the second half of the year upon the reduction of the current deficit, as well as the revenue generated from exports and returning tourism, the decisions of The Central Bank of the Republic of Turkey and the world market developments will be closely monitored.

Alongside these financial developments, the pandemic effects have once again, revealed the necessity to keep working with more determination for a sustainable world. The Paris Climate Agreement, together with the associated sustainability efforts that grow with it worldwide, will now be a part of our daily lives.

Within the banking industry, we will leverage our power of guiding the industry, and our responsibilities that come with our financing capabilities for a better world.

QNB Finansbank will keep supporting the economy in 2022, which will mark a milestone for us with sustainability being our key focus.

New business models have been introduced in the pandemic with changes to ways of doing business. And these models have been adopted much more rapidly than expected due to digitalization. At QNB Finansbank, where we quickly adapted to this period, we achieved numerous innovations, building on the digitalization efforts that we initiated long ago.

This will be a year that is centered upon digital banking, defined by high synergy with compassionate management, requiring a better understanding of the needs of the economy and our customers.

QNB Finansbank has made a strong start to 2022 with efficient banking models, the competent financial management, and responsible planning in individual and corporate banking.

As of 31 December 2021, the total assets of our bank increased by 63%, compared to the end of 2020, reaching TL371 billion 369 million. In the same period, net loans grew by 45% to TL200 billion 832 million, and customer deposits rose by 70% to TL213 billion 946 million. In 2021, our Bank's net profit increased by 43%, compared to 2020, reaching TL3 billion 928 million.

Strong financial results were recorded in 2021, a year that was mainly shadowed by the pandemic, I am confident that 2022 will be a thriving year with timely and appropriate strategies and decisions addressing economic developments.

Our social responsibility projects aimed at the youth will continue in 2022, alongside our banking efforts. We will further expand and fulfill our responsibilities in the banking sector through new projects and commitments for sustainable development.

I would like to thank all our financiers for contributing to this growth under the challenging conditions of the pandemic, their families for supported them, our customers, and all our stakeholders for their contributions.

Kind regards,

Ömer A. Aras
Chairperson

Message from the CEO

Ömür Tan
General Manager

Dear Shareholders and Board Members,

As with the rest of the world, the past two years have been challenging for Turkey. Anticipating that we are reaching the end of the pandemic period, we are now looking ahead.

QNB Finansbank wrapped up 2021 with a robust balance sheet, despite the challenges faced by the world and our country. As of 31 December 2021, the total assets of our bank increased by 63%, compared to the end of 2020, reaching TL371 billion 369 million. Within the same period, net loans grew by 45% to TL200 billion 832 million, and customer deposits rose by 70% to TL213 billion 946 million. In 2021, our Bank's net profit increased by 43%, compared to 2020, reaching TL3 billion 928 million.

We owe these strong financial results to our devoted financiers, as well as our timely and efficient financial management efforts.

We sustained our determination to fulfill our responsibilities towards the banking sector throughout 2021. We accelerated our efforts through our banking activities with more digitalization, effective use of technology across all our units, and rapid generation of solutions, as well as business continuity loans, special packages for public sector employees, and new digital solutions for SMEs.

We continued our support to the economy without slowing down, with KOSGEB loans, "back to work" loans with no principal payments for 9 months, and interest-free loan options worth TL20 thousand. Thanks to the Digital Bridge, we enabled many services to support the technological infrastructure of SMEs to quickly adapt to the new digital age.

Along with the many technological innovations and terms that entered our lives with the pandemic, technology and its benefits began to take a greater place in our lives. Heading off with this insight, we have launched the 'DigiLearn Development Journey' Program for our commercial and corporate customers for the first time in Turkey. The program aims to increase the digital literacy of both employees and selected commercial and corporate customers.

At QNB Finansbank, in May, we upsized and renewed our syndicated loan, and raised USD 335 million from international banks. With this transaction, which was carried out based on sustainability performance criteria, QNB Finansbank added a new element to its efforts for sustainable development. We issued our first green bond by EBRD in the same period. The Bank's first green bond issuance, which is USD 50 million, also marked the EBRD's first green bond investment in a Turkey-based bank.

Drawing on our bank's strength boosted by steady growth, we rolled-over our syndicated loan in November 2021 once again based on the sustainability performance criteria, and raised USD 350 million in total from international banks.

We will maintain our determination for sustainability in 2022, as well. In addition to our existing efforts in this area, we will continue to focus on sustainable projects, especially in funding and investment. QNB Finansportföy, a subsidiary of QNB Finansbank, launched "Clean Energy and Water Fund Basket Fund" that comprises clean energy- and water-themed national and international funds. The content of the fund basket consists of investment funds that include companies operating as manufacturers, distributors, or infrastructure providers and contributing to the sustainability process in the areas of clean energy and water.

We signed the Women's Empowerment Principles (WEP), a joint initiative by UN Global Compact and UN Women, and have committed to the 7 principles for building our corporate policies to further promote gender equality. We will continue to endeavor towards a world defined by better and more sustainable humane values.

The Digital Bridge Platform was once again awarded in the category of "Europe's Best Innovative Bank" at World Finance 2021, which is one of Europe's most prestigious awards, while ranking the first in the "Best Digital Strategy" Category at the "European Customer Centricity Awards", a major customer experience competition in Europe. Our Digital Bridge platform also ranked among the top 10 banks under the "Top Innovations in Corporate Finance" Category within the scope of Global Finance "The Innovators 2021".

'Mono' App, one of the first term winners of the idea camp of QNB Finansbank's in-house entrepreneurship program QNBEYOND, was awarded the "Best Mobile Application of the Year" under "Software as a Service" Category at the IDC Cloud Technologies Summit by senior executives of the IT industry.

QNB First and QNB First Digital were granted the bronze award for their products and services in the "Customer Satisfaction Achievement" Category at the 18th International Stevie Business Awards, one of the USA's most prestigious organizations.

In addition to our banking efforts, we maintained our CSR projects under our Platform, Small Hands Big Dreams, by developing new digital solutions under the pandemic conditions. QNB Finansbank TALES Math Museum has become an online platform that all children in Turkey can access online free of charge. Following the coding training that we pioneered in Turkey, we now made our math support accessible through digital platforms.

We will continue with our efforts aimed at a better world for the children, who are the builders of the future. Scratch Cup 2021 was held on an online platform in association with QNB Finansbank and Habitat Foundation under the theme "Find A Solution For The World's Problems". This competition, once again, showed us children's awareness of technology and a more sustainable world. Over 1,800 children and 673 teams applied for the competition. We will continue to support children in coding with Scratch Cup 2022 to be organized in March this year.

Behind all of our achievements and efforts lies the dedicated efforts of our financiers under the challenging pandemic conditions. I would like to thank our devoted financiers, our customers, with whom we have walked side by side under all circumstances, and all our strategic business partners and correspondent banks.

Kind regards,

Ömür Tan
General Manager

Board of Directors

M. Ömer A. Aras
Chairperson

Ömer Aras, Chairperson of QNB Finansbank, is the founding executive of Finansbank founded in 1987. He served as Assistant General Manager until 1989, as General Manager (CEO) between 1989-1995, and served as Executive Board Member between 1995-2006. During this period, he also served as Vice Chairperson of Fiba Holding, Board member of Finansbank's international subsidiaries in Switzerland, France, Holland, Romania and Russia, Chairperson of Marks&Spencer in Turkey and Board member of Gima. In 2006, upon acquisition of Finansbank by the National Bank of Greece (NBG), Aras was appointed as Vice Chairperson and Group CEO. In 2008, he joined the Executive Committee of NBG as the member responsible for international subsidiaries (Serbia, Romania, Albania, Bulgaria and Macedonia). In 2010, he was appointed as Chairperson of Finansbank. Aras has also been serving as Chairperson of Cigna Health, Life and Pension, Finansbank's partnership company in Turkey with Cigna Corporation, since 2012. Since the acquisition of Finansbank by QNB in 2016, Aras has been serving as Chairperson and Group CEO. Prior to his career at QNB Finansbank, Aras worked for Citibank (1984-1987) and Yapı Kredi Bank (1987) in Turkey. He also served on the Board of TUSIAD (Turkish Businessmen Association) between 2003-2007. Currently, he is the Vice President of the High Advisory Council of TUSIAD, a member of the Higher Advisory Board of Darüşşafaka Cemiyeti and Board of Trustees of Boğaziçi University Foundation. Aras received his MBA and PhD (1981) degrees at Syracuse University School of Management, and was a lecturer at the Business Administration Faculty at the Ohio State University for 3 years (1981-1984).

Sinan Şahinbaş
Vice Chairperson

Şahinbaş graduated from TED Ankara College in 1984, and from Istanbul Technical University, Engineering Faculty in 1988. He received his master's degrees in International Relations at Istanbul University and in Finance at Yeditepe University. Şahinbaş began his professional career at Finansbank A.Ş. in 1990, and held various positions in Treasury, Corporate Banking and Credit Departments until 1997. In 1997, he founded Finansbank A.Ş. (Suisse) SA and Finansbank A.Ş. NV (Holland) representative offices in Turkey. He transferred to Garanti Bank in 1997 as Department Head in charge of the design of a new risk management system for subsidiaries. In the same year, Şahinbaş was promoted to Executive Vice President of Garanti Bank N.V. (Holland). After a year, Şahinbaş moved back to Finansbank A.Ş N.V. (Holland) as Executive Vice President, and became General Manager between 1999 and 2001. In 2001, Şahinbaş became Senior Executive Vice President at Finansbank A.Ş., and was promoted to General Manager in October 2003, and served as the General Manager until April 2010. Şahinbaş became Vice Chairperson in April 2010.

Adel Ali M. A. Al-Malki
Member of the Board of Directors

Al-Malki joined QNB in 2003. Prior to joining QNB, he served at MOI IT department starting from 1997; he received his bachelor's degree in Computer Information Technology from Qatar University in 2001, Doha, Qatar. He joined QNB and served in various positions in IT Development Team and e-Business Department. Al-Malki has been QNB Group Information Technology General Manager since 2010. As of May 2019, he serves as a Member of QNB Finansbank Board of Directors.

Ali Teoman Kerman
Member of the Board of Directors and Chairperson of the Audit Committee

Kerman received his graduate degree in Economics at Hacettepe University, and post graduate degree in Project Planning and National Development at University of Bradford, UK, in 1982. He started his career at the Undersecretariat of Treasury in 1980 and served as Deputy Economic and Commercial Counsellor at Washington Embassy and Deputy and Assistant Board Member of Asian Development Bank, Philippines, for three years in each position. In 1997, he was appointed as Turkish Eximbank Executive Vice President. In the same year, he returned to Undersecretariat of Treasury as Director General of Insurance Department. In July 1999, he was appointed as Deputy Undersecretary of Treasury, and in 2000 he became Vice President of the newly established Banking Regulation and Supervision Agency (BRSA). He also served as a Board Member of Savings Deposit Insurance Fund (SDIF) at the same time. He was appointed as Advisor to BRSA Chairperson in 2004. In addition, he served as Chairperson of the Board in Toprak, Ege and Generali Insurance Companies on behalf of SDIF. Kerman retired in April 2005, and became founding partner of KDM Financial Consultancy Company. He also served as a Board Member of Bahçeşehir University, Board of Graduate School between 2018 and 2021. Kerman has been a Board Member of QNB Finansbank since April 2013 and the Chairperson of Audit Committee since April 2014.

Durmuş Ali Kuzu
Member of the Board of Directors

Durmuş Ali Kuzu, Phd graduated from Business Management Department of Political Science School at Ankara University in 1996, received an MBA degree in 2008 from University of Illinois at Urbana-Champaign, and completed his PhD degree in the field of Accounting and Finance at Baskent University in 2018 with his thesis titled "Factors Determining Credit Volume: an Empirical Study on Turkish Banking Industry". He has a CPA and an Independent Auditor Certificate. During this period, he worked at many national and international committees, represented Turkey as a member at BASEL and FSB Banking Committees, attended various seminars-conferences, published many articles, and lectured at a university. He has participated in banking law and relevant sub-regulation preparation processes actively, participated in various seminars and conferences. Besides, he has published various articles and communiques, and lectured in various universities. He began his professional career in Vakıfbank in 1996 as an assistant loan analyst and went on to Türkiye Emlak Bankası, where he worked as an internal auditor between 1997-1999. From 1999 to 2016, he worked as Vice President at the Undersecretariat of the Treasury, Public Oversight Accounting and Auditing Standards Authority, and Banking Regulation and Supervision Agency (BRSA). He worked on teams for creating and developing banking legislation, participating in project development, implementation and leadership, and group presidency. He held various managerial positions as team leader, coordinator, head of department and vice president. During his executive duties, he has gained experience in studying in detail particularly in loans, deposits and treasury operations, banking activities and processes, asset-liability management, enabling the compliance of corporate principles in the institutions, restructuring and turnaround practices, rehabilitation of banks and the other financial institutions, information technologies governance, risk management, compliance, internal audit, loan portfolio and corporate loan individual assessment and classification with IFRS and applying other accounting standards. Currently, Kuzu is a member of board of directors of TMA Turkey and Bank Examiners Foundation. Since August 2016, he has been serving as a member of the Board of Directors and Audit Committee at QNB Finansbank.

Board of Directors

Fatma Abdulla S. S. Al-Suwaidi
Member of the Board of Directors

Al-Suwaidi joined QNB in 2000, and with over 20 years' experience in banking, she currently serves as the Group Chief Risk Officer, having previously been Assistant General Manager of Credit Risk Management. In addition, she is also President Commissioner of QNB Indonesia. She has a BSc in Accounting, a Master's Degree in Business Administration (Qatar University), a MSc in Risk Management (University of New York) and a Juris Doctor Degree (Hamad Bin Khalifa University). She holds a particular interest in banking innovation, and is in the advanced stages of completing a Doctorate in Business Administration from Grenoble University France, on the subject of 'Innovation in Banking and Financial Markets', focusing on crypto currencies.

Noor Mohd J. A. Al-Naimi
Member of the Board of Directors

She joined QNB in 2000, and has 20 years of banking experience. She received her bachelor's degree in Business Administration at the University of Qatar in 1999. She held various positions in the Treasury Operations and Control Division. Lastly, she served as Assistant General Manager of Treasury Operations, Trading & Investment until he was appointed as General Manager of Group Treasury. She has attended and participated in different courses, conferences and seminars locally and internationally like legal aspects of banking, leadership skills for bankers, international cash & treasury management, clear stream, treasury documentation and IIF Future Leaders Program. Noor also completed the Qatar Executive Leaders Program 2017-2018. Currently, she serves as a Member of the Board of Directors and Audit Committee Member of QNB Finansbank.

Ömür Tan(*)
General Manager (CEO) and Member of the Board of Directors

Tan is a graduate of the Statistics Department, Hacettepe University, and received his MBA Degree at Bilgi University. Tan began working at Yapı Kredi Bankası as a Management Trainee in 1995 and joined Finans Bank A.Ş. in 1998. He served as Corporate Branch Customer Representative, Corporate Branch Manager, Head Office Key Account Management Group Manager and Corporate Banking Group Manager. Tan acted as the Executive Vice President for Corporate Banking since October 2011 and as Executive Vice President for Corporate and Commercial Banking since October 2013. He was appointed as General Manager and Member of Board of Directors as of 1 January 2022. He also serves as a Board Member at QNB eFinans.

Osman Reha Yolalan(**)
Independent Member of the Board of Directors

Yolalan holds a bachelor's degree in Industrial Engineering from İstanbul Technical University, a master's degree from Boğaziçi University in Industrial Engineering, and a PhD Degree in Management Sciences from Laval University, Québec-Canada. In 2000, he received the title of Associate Professor in Operations Research. He started his career as a specialist at Yapı Kredi in the Strategic Planning Department in 1991. He worked as Head of Corporate and Economic Research Department between 1994-2000, and as Executive Vice President in charge of Financial Analysis and Credit Risk Management between 2000-2004. He served as CEO of Yapı Kredi and a member of the Board of Directors between 2004-2005. Yolalan assumed the position of Tekfen Holding Vice President in charge of Corporate Affairs between 2006 and 2019; since March 2019, he has been Vice President in charge of Financial Affairs (CFO). For the last 30 years, Yolalan has been a part-time lecturer in banking in various universities in Turkey and has authored numerous articles in the field of banking management, published in international journals.

Ramzi Talat A. Mari
Member of the Board of Directors

He joined QNB in 1997, and is the current Executive General Manager and Group Chief Financial Officer. He passed the Certified Public Accountant Certificate exam in the State of California, USA in 1989 and holds a Master's Degree in Accounting from California State University. Currently, he is also a board member in Housing Bank for Trade and Finance (Jordan) and QNB Capital LLC.

Temel Güzeloğlu(*,)**
Member of the Board of Directors

Born in 1969, Güzeloğlu has BSc degrees from the Electrical and Electronics Engineering and Physics Departments of the Bosphorus University. Güzeloğlu received an MSc degree from Northeastern University Electrical and Computer Engineering and an MBA from Bilgi University. Güzeloğlu worked as the Executive Vice President of Finansbank responsible for consumer banking till August 2008. He then served as Executive Vice President of Retail Banking and Member of Management Committee until April 2010. From April 2010 to January 2022, he served as the General Manager of QNB Finansbank. Before joining QNB Finansbank he worked at McKinsey & Co., Citibank and Unilever in various positions.

Yousef Mahmoud H. N. Al-Neama
Member of the Board of Directors

Al-Neama joined QNB in 2005, and currently serves as Executive General Manager - Group Chief Business Officer. Prior to joining QNB, he held a variety of roles in financial institutions and corporates within Qatar and abroad, and has more than 15 years of experience in financial institutions. Al-Neama holds a BS in Aviation Management from Florida Technology in the United States and a diploma in Business Administration from Glamorgan University in Wales. As part of widening his experience and knowledge, he attended various seminars, workshops and advanced courses in International Banking, Marketing and Financial Analysis. Currently, he serves as a Vice Chairperson of Mansour Bank in Iraq and The Housing Bank for Trade & Finance in Jordan. He also serves as a member of the Board of Directors QNB Capital.

(*) As per the Board resolution dated 25 October 2021, Temel Güzeloğlu, who had been serving as the CEO and Board member since 2010, resigned from his post, and Ömür Tan took over his duties effective as of 1 January 2022.

(**) As per the Board resolution dated 15 December 2021, effective as of 1 January 2022, Osman Reha Yolalan resigned from his Board membership, and Temel Güzeloğlu was appointed as a Board member.

Senior Management

Adnan Menderes Yayla
Executive Vice President

Yayla graduated from the Economics Department, Faculty of Political Science, Ankara University in 1985, and completed his MBA at the University of Illinois at Urbana-Champaign between 1992 and 1994. He worked at the Ministry of Finance as Assistant Auditor and Auditor from 1985 to 1995; at the Privatization Administration as Project Valuation Division Chief from 1995 to 1996; at PriceWaterhouseCoopers Istanbul and London offices as Manager, Senior Manager and Partner from 1996 to 2000; and at Türk Dış Ticaret Bankası (Fortis) as the Executive Vice President in charge of the Financial Control Group, ALM and Risk Management from 2000 to 2008. As of May 2008, when he joined Finans Bank A.Ş., Yayla has been working as Executive Vice President of Financial Control and Planning and the Group CFO.

Ahmet Erzengin
Head of Internal Control and Compliance Division

Erzengin received his bachelor's degree at the Public Administration Department,Middle East Technical University. After working at Pamukbank from 1988 to 1993, Erzengin joined QNB Finansbank A.Ş. as Regulations Manager in 1993. In 1996, he was appointed as Head of Operations Group in charge of branch and HQ operations. With the establishment of the Operations Center in 2001, he managed the Operations Center until the end of 2005. In early 2006, he supervised the establishment of the Compliance Division and served as Head of Compliance until September 2012. By that date Erzengin has assumed the responsibility of Internal Control Department, and has been serving as Head of Internal Control and Compliance Division since 2012.

Av. Ali Yılmaz
Executive Vice President

Yılmaz graduated from İstanbul University, Faculty of Law in 1999. Active in business since 1996, Yılmaz received his finance education at University of Toronto between 2000-2002. With an MBA from Koç University, he started his banking career at Dışbank in 2003. Later, he served as Director of Legal Affairs at Fortisbank A.Ş. and as a member of the Board and Legal Counsel at Societe Generale Turkey. Yılmaz joined QNB Finansbank A.Ş. in 2016. Appointed as Chief Legal Counsel in May 2018, Yilmaz has been serving as Executive Vice President since January 2020.

Burçin Dündar Tüzün
Executive Vice President

Tüzün completed her undergraduate study in Civil Engineering at the Engineering Faculty, Middle East Technical University in 1997, and her MBA at Bilkent University Business Administration Faculty in 1999. She started her banking career as Assistant Auditor at Finansbank A.Ş. Internal Audit Department in 1999, joined the Corporate Credits Allocation Department in 2005, where she served as corporate credits manager, division manager and department manager. She was appointed as Corporate and Commercial Credits Director responsible for Corporate, Commercial and Structured Finance Credits Allocation in 2016. Tüzün has undertaken Credits Monitoring and Financial Institutions Credits Management responsibility in 2018. She has been serving as Corporate & Commercial Credits Executive Vice President since December 2019.

Cenk Akıncılar
Executive Vice President

Akıncılar graduated from the Mathematics Department,Faculty of Science and Literature at Eskişehir Anadolu/Osmangazi University in 1996. Akıncılar, who worked as a Mathematics teacher for three months, worked as the Senior Officer responsible for Salary and Industrial Relations at Human Resources Department of Pamukbank from 1998 to May 2003. He joined QNB Finansbank in May 2003. He worked as Human Resources Assistant Manager responsible for Recruitment, System Development and Projects; manager of Organizational Development, Performance, Strategic Reporting and Revenue Management, Employee Rights and Systemic Authorization Management. He was then appointed as division manager of Human Resources Management Systems and Revenue Management, Employee Rights and Systemic Authorization Management Department. Akıncılar was appointed as the Director of Human Resources in July 2018, and as Human Resources Executive Vice President in January 2019.

Cumhur Türkmen
Executive Vice President

Türkmen graduated from Yıldız Technical University with a BSc degree in Mathematics Engineering in 1997. He started his career as a Software Engineer with I-BİMSA in 1997 and joined QNB Finansbank Information Technologies Department in 2000. He served as Senior Software Engineer until 2005 and as Project/Program Manager until 2010 in QNB Finansbank IT department. He started to work as Vice President for QNB Finansbank Business Development and Strategy Office in January 2010. In August 2011, he joined Enpara.com project team in CEO Office. He became Director in charge of Enpara.com in July 2015. As of June 2015, he has become the Executive Vice President responsible for Enpara.com at QNB Finansbank.

Derya Düner
Executive Vice President

Düner graduated from the School of Engineering at Bogazici University with a Bachelor of Science degree in Industrial Engineering. Düner undertook several positions in the fields of marketing, project management and strategy at Mercedes Benz between 2003 and 2006, and at Pfizer between 2006 and 2007. In 2007, she joined QNB Finansbank as Retail Banking Manager. Following various responsibilities, she acted as one of the founding executives of Enpara.com. After Enpara.com's launch in October 2012, she worked as Director of Customer Management. In 2015, in addition to her existing responsibilities, she launched and ran the Customer Experience Management Office of QNB Finansbank. In January 2018, Düner founded QNBEYOND, the innovation center, and ran the department as Director Responsible for Innovation. Since January 2020, Düner continues her role as Executive Vice President responsible for QNBEYOND and QNBEYOND Ventures, the corporate venture capital arm of QNB Finansbank.

Engin Turhan
Executive Vice President

Turhan received his bachelor's degree in Economics at Faculty of Economics and Administrative Sciences in Marmara University, and obtained his master's degree in International Political Economy and Management. He began his banking career in the MT (Management Trainee) program at Finans Bank A.Ş. in 2003. After working in various sections in Credits Department, he went onto Project Finance and worked in specialist and managerial positions in Project Monitoring, Project Appraisal, Corporate Finance and Syndicated Loans Departments until 2005. After being appointed as Corporate Banking Structured Finance and Syndicated Loans Group Manager in 2012, he took over Derivative Products Sales and was appointed Director in 2014. Commercial Banking was added to his current duties in 2015 and he has been working as Executive Vice President in Commercial Banking and Project Finance since June 2016.

Senior Management
continued

Enis Kurtoğlu
Executive Vice President

Kurtoğlu graduated from Bogazici University Electrical and Electronics Engineering Department in 1999, and completed his MBA in London Business School in 2006. He served in several managerial positions in marketing and sales at Citibank Turkey between 1999 and 2002, and in Citibank Europe, Middle East and Africa Region London Central Office between 2002 and 2006. He worked as Marketing Director in Citibank Turkey between 2006 and 2010.He joined Finansbank A.Ş. as Group Manager in charge of Retail Products in 2010. He served as Mass Banking Director between 2012 and 2014, and as Director of Mass Banking and Direct Sales from 2014 to May 2015. Between May 2015 and June 2016, he was the Executive Vice President in Consumer Banking. He has been working as Executive Vice President in charge of Consumer and Private Banking since June 2016.

Ersin Emir
Chief Audit Executive

Emir graduated from Department of Business Administration, Middle East Technical University in 1994, and received his Master of Science degree in Organizational Psychology at University of London in 2011. He started his banking career as Assistant Internal Auditor at İş Bankası in 1995. Joining Finans Bank in 1998, he was in charge of the duties of investigations, branch and head office audits as well as various administrative responsibilities in Internal Audit Department between 1998 and 2004. Emir was appointed as Deputy Chief Audit Executive in 2004, and continues his assignment as Chief Audit Executive since 2011. At the same time, he serves as a Board member in QNB Finans Asset Management.

Köksal Çoban
Executive Vice President

Çoban received his bachelor's degree from the Business Administration Department, Middle East Technical University in 1990. He completed his MBA at Cass Business School in London. He worked at Türk Eximbank and Demirbank between 1990 and 1997. He joined Finansbank in 1997 and served as the International Markets Group Manager from 1998 to 2000. Assuming a number of managerial posts in the Treasury Department thereafter, he was appointed Executive Vice President of Treasury in August 2008. He assumed the responsibility of International Banking Division in April 2018, and has been the Executive Vice President of Treasury and International Banking Divisions since then. He also serves as a Board Director of QNB Finansinvest and QNB Finans Asset Leasing companies.

Mehmet Kürşad Demirkol
Executive Vice President

Graduating in 1995 from the Department of Electrical and Electronics Engineering, Bilkent University as valedictorian, Demirkol received his MSc. and PhD. degrees at Stanford University. He worked as Associate Application Engineer at Oracle - Redwood from 1996 to 1997 and Research Assistant at the Stanford University from 1997 to 1999. He served as Senior Associate at the Atlanta and Istanbul offices of McKinsey&Company between 1999 and 2003. He worked as the Group Head of Business Development and Strategy Department at Finans Bank A.Ş. between 2004 and 2005, and worked as Executive Vice President of IT and Card Operations at Finans Bank A.Ş. Russia in 2005. He served as Business Development and Marketing Director at Memorial Healthcare Group from 2005 to 2007, and as the Head of Information Technologies at Vakıfbank in 2007. He then was appointed as Chief Information Officer and became the Chief Operation Officer in 2008 at Vakıfbank. In the same year, Operations and ADC responsibilities were also assigned to his position. He started working as Executive Vice President at Finans Bank A.Ş. in August 2010, and since November 2011 Demirkol has been working as Executive Vice President in charge of Information Technologies, Operation and Channels & Business Development.

Murat Koraş
Executive Vice President

Koraş graduated from the Industrial Engineering Department, Bogazici University in 1999, and completed his MBA at Ozyegin University. He was assigned as a specialist at Finans Bank A.Ş. between 1999 and 2001. In 2004, he was assigned as Assistant Manager in Aviva. He took the tasks of Strategy Office Assistant Manager, Analytic Marketing Unit Manager and Portfolio Management and Analytics Group Manager at Finans Bank A.Ş. from September 2004 to 2012. Koraş took the Consumer Payment Systems Director position between 2012 and 2015. He has been working as Payment Systems Executive Vice President since May 2015.

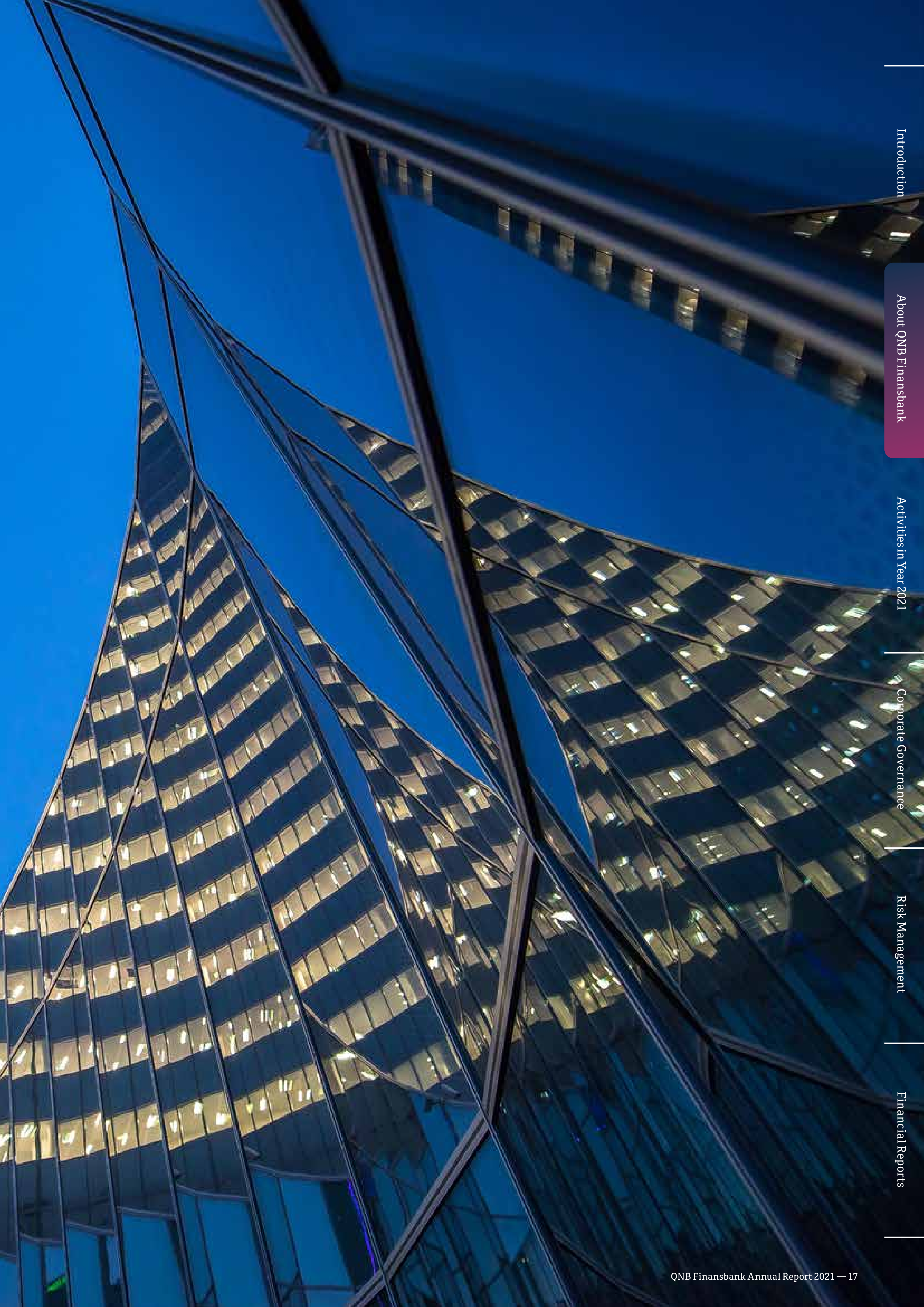
Zeynep Aydın Demirkıran
Head of Risk Management

Demirkıran completed her undergraduate study at the Economics Department, Bilkent University, and earned a master's degree in Economics at Georgetown University, Washington D.C. After having lectured at Georgetown University until December 1998, she worked as a specialist at the Risk Management Department İşbank between 1999 and 2002 before joining Finansbank A.Ş. in 2002. After working in various roles within the Risk Management Department, Demirkıran has been working as Head of Risk Management since September 2011. Demirkıran also serves as a Board Member in QNB Asset Management.

Zeynep Kulalar
Executive Vice President

Kulalar received her bachelor's degree from the Faculty of Economics and Administrative Sciences Department of Business Administration, Middle East Technical University in 1994. She served as Portfolio Assistant Manager at Yapı Kredi Bank from September 1994 to December 2002, and as Corporate Portfolio Assistant Manager at MNG Bank from January 2003 to July 2005. Kulalar joined QNB Finansbank as Corporate Marketing Team Assistant Manager in July 2005, whereby she acted as Key Customer Vice President, Corporate Banking Sales and Marketing Vice President, Performance & Foreign Trade and Portfolio Management Senior Vice President, Foreign Trade and Portfolio Management Division Manager and Corporate Banking Portfolio Management Division Manager at the bank, respectively. She was appointed as Corporate Banking Director in June 2016, and has been acting as Executive Vice President since December 2019.

About QNB Finansbank



Vision, Mission and Values

VISION

Being the architect of every individual and commercial financial plan that will catalyze Turkey’s success

MISSION

Forging lifelong partnerships with all stakeholders by understanding their needs, finding right solutions and aiming for maximum customer satisfaction

VALUES

VALUES RESPECT AND COMMITMENT

- We do our job in the rightest way with dedication and genuine commitment.
- We make clear promises and we keep them by all means, not omitting to report the results.
- We constantly develop ourselves and our colleagues.
- We act with honesty, transparence, and consistency in all our relations, which allows us to build long-term relationships based on trust.

BEING “US”

- The primary and common objective of all of us is to keep our customers satisfied. We help each other to make this happen and we appreciate the help that is offered us.
- We uphold and support team performance and corporate performance as much as individual performance.
- In all of our dialogues, we listen first and try to understand what is needed.
- We trust each other and respect each other’s expertise.
- We make our decisions in consideration of the whole and of their possible impact on the whole.
- As QNB Finansbank and the staff of Finansbank, we watch over and support each other, our society, and the environment.

LEADERSHIP

- We embrace change; we realize that everyone including us must do what behooves them in order to make change happen in the fastest and smoothest way.
- We take initiatives inasmuch as we can learn from our mistakes and do not repeat them; and we encourage taking initiatives.
- We define performance in terms of objective and measurable criteria and we evaluate it fairly and consistently.
- We always recognize a job well done; we provide feedback in order to improve each other.
- We go all the way in rationally defending what we believe is right and we work constructively to bring them to life.

INNOVATION

- We do not elaborate on the reasons why something cannot be done; we think about and explain how it can be done with a new approach.
- When standard solutions fall short of meeting the requirements that differ from the routine, we promptly develop the most appropriate solutions by tapping the resources of our knowledge, experience, connections, and technology.
- We develop new ideas to make life easier for our customers and ourselves and we act in order to bring these ideas to life.

QNB Finansbank in Brief and Milestones

Date	Event
1987	• Finansbank A.Ş. was established
1988	• Finansbank A.Ş. became founding partner of Commercial Union's insurance company in Turkey.
1989	• Finansbank A.Ş. bought 90% shares of PBG Privatbank Geneve S.A., a subsidiary of UBS in Switzerland, and renamed it as Finansbank (Suisse) S.A.
1990	• Bank's shares quoted on Istanbul Stock Exchange (İMKB) • Stepped into the leasing sector by founding Finans Leasing
1993	• Finans Leasing shares quoted on Istanbul Stock Exchange
1995	• Stepped into factoring sector by founding Fiba Faktoring A.Ş.
1999	• Being among the 5 pilot banks selected, Finansbank became the first bank globally to put into force Reuters Mail System.
2000	• Started to serve investment banking services under newly established Finans Invest. • Launched its Call Center and Internet Branch.
2003	• Pursuant to resolution to conduct retail banking, new branches were opened between 1995-2003. The Bank's number of branches reached 150 and number of employees reached 3,928.
2004	• Moved its HQ to Esentepe, Istanbul.
2005	• Established IBtech at TÜBİTAK Marmara Research Center Technology Free Zone. • www.kobifinans.com.tr, the internet portal that serves as a service channel of QNB Finansbank SME Banking's project, namely, KobiFinans, was selected as the "Best Finance Site" in "Golden Web Awards"
2006	• Launched its phone banking services
2007	• CardFinans was selected as the Superbrand in Turkey in the Credit Cards Category by Superbrands, a British firm active in more than 70 countries around the globe. • ATM number reached 1,000. • QNB Finansbank Call Center won first place in "Best Call Center Recruitment Application" and "Best Customer Representative" Categories in the Call Center Turkey Competition.
2008	• Opened Erzurum Operation Center. • Established Finans Tüketici Finansmanı A.Ş. for consumer finance activities. • Bank took its place among the 3 "Most Favorite Firms in Turkey", a research conducted by the Capital Journal for the 8th time. • NBG Group became a 94.8% shareholder of Finansbank following their purchase of shares from Fiba Holding • QNB Finansbank Internet Branch ranked second in the Online Banking Category of the 7th Golden Web Awards. • QNB Finansbank Internet Branch was elected People's Favorite in the first ever People's Favorite Category at the Golden Web Awards. • QNB Finansbank's renewed website, www.qnbfinansbank.com, won the "Silver Award" in the Banking Category of Davey Awards. • QNB Finansbank Call Center was the recipient of two awards at the İstanbul Call Center Awards, ranking first in the Best Call Center Training Program Category, and receiving the "Distinction Award" in the Best Use of Technology Category.

Date	Event
2009	• Offered clients installments in purchases with CardFinans Cash (debit card) as a first-time practice worldwide. • CardFinans Cash, the first debit card worldwide that offers installments, was the recipient of an award in the Best Debit Card Launch Category in "Cards and Payments Europe 2010" in Madrid. • QNB Finansbank's corporate website was named as the"Best in Class", the first Turkish bank to be awarded in the banking category, at "Interactive Media Awards", a competition carried out every year in New York and deemed to be among the most significant of its kind.
2010	• Launched Finansbank Mobile Branch. • Issued Fix Card, a credit card without a membership fee and reached 300,000 sales in the first 6 months. • ClubFinans Doctors, a credit card targeting doctors in particular, reached approximately 1/3 of all doctors in Turkey with 47,000 customers in the first 8 months. • As a first-time facility from European Investment Fund (EIF) SMEs received significant support in overcoming their collateralization problem. • As a first-time practice in the sector, CardFinans Vadekart offered owners of enterprises opportunities which decreased the use of checks and bills. • QNB Finansbank received the "Employment Leader in the Sector" Award in "Yenibiriş Awards 2010" for being the firm offering the most number of jobs in the sector as well as being preferred the most by applicants . • QNB Finansbank was selected by popular vote as People's Favorite in the Banking and Finance Category of the 9th Golden Web Awards.
2011	• Initiated "To Us It's Possible" Training Program in June. • QNB Finansbank Call Center was the recipient of "Best Call Center with 500+ Seats" Award at the Istanbul Call Center Awards. • CardFinans Fix was awarded in the "Best Product" Category at the "Best Business Award", one of the most prestigious awards in the United Kingdom. • QNB Finansbank was the recipient of five awards at International Business Awards, one of the most esteemed business awards globally. CardFinans Fix, holders of which are exempt from card fees, was awarded a Stevie. Furthermore, FinClub web site, Finarmoni Training Portal, and the animation video "Carrying QNB Finansbank into the Future" received "Distinguished Honoree" Honorary Award.
2012	• Opened a Call Center in Erzurum. • Fully renovated www.finansbank.com.tr internet banking site in line with changing needs of clients with a TL12.5 million investment in technology. • Cigna, one of the biggest health and life insurance firms in the US, purchased 51% of shares of Finans Emeklilik. • Signed a 15-year agency contract with Sompo Japan Insurance, one of the biggest insurance companies worldwide. • As a first-time practice in Turkey, features of a debit card and a credit card were combined in Fix Card. • Established Enpara.com, the first digital banking platform in Turkey. • "To Us It's Possible", the training program developed in 2010 and activated in 2011, was awarded "Citation for Excellence" by American Society for Training & Development (ASTD), the authority figure in professional training and development. • "To Us It's Possible" training program received the bronze Stevie in the International Banking Category.
2013	• Established eFinans. • Enpara.com won 7 awards at Stevie International Business Award. These include Gold Stevie Awards for Product Management Department, Marketing Campaign of the Year, and Internet Banking; Silver Stevie Award in the Best New Product/Service Category and Bronze Stevie for New Product/Service of the Year, Customer Service Team of the Year, and Best Web Design. • Digital Banking Department received a Bronze Stevie Award with the animation film "Ceren's states" in the Service Sales Category at Stevie International Business Awards. • QNB Finansbank's Career Club ,FinansUP, which supports youngsters move up the career ladder and join the ranks of business, was the first application in Turkey to win the Global Business Excellence Award at Awards Intelligence, the most significant business award program in the UK.
2014	• A syndicated loan with the highest amount in the history of the Bank was obtained from international markets. • "Basemap" project, geared towards increasing service quality, ranked second in sales efficiency innovation category in EFMA one of the most prestigious innovation competitions in the finance sector.

QNB Finansbank in Brief and Milestones
continued

Date	Event
2015	• Established a social responsibility platform focused on children namely Tiny Hands Big Dreams (MEBH). • ATM number reached 3,000. • Finansbank won a total of 9 awards in 4 categories, 3 of which being first places, in Bonds and Loans Turkey which is considered to be the Oscars of the finance sector. • An agreement was signed for the sale of Finansbank by NBG to Qatar National Bank. • With the "Career Architecture"program HR Department was the recipient of two awards from Association Talent Development (ATD), the most important worldwide institution in talent development.
2016	• Purchase of Finansbank by Qatar National Bank was completed and the trade name of the Bank was changed to QNB Finansbank. • Following transfer of all shares of the consumer finance company to QNB Finansbank, name of the firm was changed to Hemenal Finansman, and the company started operations. • QNB Finansbank was granted an award by Talent Board in the Candidate Experience Survey, where the process of recruitment is evaluated by candidates in surveys. • Thanks to the "İstanbul Meetings" organized for customers, QNB Finansbank won silver Stevie for External Marketing Program of the Year, and bronze Stevie for Promotion, Reward and Awareness Raising category • QNB Finansbank was awarded the Special Award by Public Relations Association of Turkey in the 15th Golden Compass Awards, for the "Tiny Fingers Program the Future" project developed in cooperation with Microsoft Turkey and 0Habitat Association. • QNB Finansbank received the Education Award in the Sponsorship Communications category in the 15th Golden Compass Awards organized by Public Relations Association of Turkey (TUHID), for the "Wonderful Mathematics Exposition" . • QNB Finansbank was the first non-American firm to receive HRM Impact Awards. QNB Finansbank received the "Honorable Mention" award, as part of HRM Impact Awards given by Society for Human Resource Management (SHRM) since 2013.
2017	• QNB Finansbank celebrated its 30th anniversary. • As a first in the Turkish finance sector, 4 case studies (in 1994, 2006, 2015 and 2017) were made by Harvard Business School on QNB Finansbank's successes. • QNB Finansbank was awarded the Grand Prize by Public Relations Association of Turkey in the 16th Golden Compass Awards, for the "Tiny Fingers Program the Future" project developed in cooperation with Microsoft Turkey and 0Habitat Association. • QNB Finansbank received the Education Award in the Sponsorship Communications category at the 16th Golden Compass Awards organized by Public Relations Association of Turkey (TUHID), for the "Wonderful Mathematics Exposition". • QNB Finansbank won four awards, two of which are the first place, in three categories at Bonds&Loans Turkey, where project finance and private sector bond issuance transactions are awarded. "Transport Finance of the Year" award went to the Third Airport Project, and "Infrastructure Finance of the Year" to the Galataport Project. The very same project won second place in "Transport Finance of the Year" Category, and the Third Airport project won third place in "Project Finance of the Year" Category.
2018	• QNB Finansbank and Turkish Airlines signed a cooperation agreement for a five-year period, geared towards issuing of Miles&Smiles Credit Cards to Turkish Airlines (THY) members as a part of the Turkish Airlines' frequent flyer program. • IBtech launched its second technopark at DEPARK, the techno-park of Dokuz Eylul University, Tinaztepe Campus, İzmir. • IBtech obtained R&D Center Certificate from Ministry of Industry and Technology, and launched its R&D Center at Kristal Tower. • Fincube Incubation Center and Acceleration Program was initiated in order to develop future banking technologies and support innovation initiatives.

Date	Event
2019	• Through the syndication agreement signed in December 2019, QNB Finansbank became the first and only Turkish bank granted a three-year syndication facility since 2016. • QNB Finansbank Call Center, Telesales Unit and SME Cloud Branch were awarded in four categories at Stevie International Business Awards. • To prepare SMEs for digital transformation, QNB Finansbank launched the Digital Bridge Project with the SME e-Transformation Package. • Fincube, launched as an innovation lab by QNB Finansbank to reinforce entrepreneurs and creative projects, while creating the future-ready fintech applications, transformed into a global brand with a new title, QNBEYOND. • QNB Finansbank was named as "Best Employer" at Employee Loyalty Awards by AON Hewitt, as IBTech qualified for Achievement Award. • At Bonds&Loans Project Finance Awards, three projects financed by QNB Finansbank was awarded in 4 categories.
2020	• QNB First and QNB First Digital applications, developed for private banking customers, received four awards at "International Stevie Awards". • QNBEYOND Ventures was established. Aimed at investment in various initiatives, QNBEYOND Ventures will also participate in other venture capital funds. • Enpara.com received the award as the Best Website in Banking and Finance at the Golden Spider Awards. • QNB Finansbank was chosen by Euromoney the Best Bank in Middle and East Europe in SME Baking. • Thanks to its Human Resources programs, QNB Finansbank received five awards at Stevie Awards for Great Employers, one of the most prestigious awards programs, and four awards at Excellence Awards organized by Brandon Hall Groups. • "Tiny Fingers Code" Project, part of the Tiny Fingers Big Dreams Corporate Social Responsibility Platform, was the recipient of the special prize in the Social Value Category of Turkish Capital Markets Association (TSPB). • QNB Finansbank was a signatory of the CEO Manifesto for Renewed Global Cooperation, organized in commemoration of the 75th Anniversary of the UN. • QNB First Digital, offering exclusive services to private banking customers, won first place in the "Best Digital Strategy" Category of European Customer Centricity Awards, one of the most important competitions in Europe in terms of customer experience. • QNB Finansbank received "Internal Best Volunteer Program", the grand prize awarded annually by Turkish Private Sector Volunteers Association.
2021	• QNB Finansbank won the Gold Stevie Award in the "New Business Intelligence Solutions" Category with Digital Bridge Platform and the Silver Stevie Award in the "Customer Service Solutions - Technology Partner of the Year" Category with NeoVade, while its subsidiary QNB eFinans was awarded the Bronze Stevie Award in the "Customer Service Solutions -Technology Partner of the Year" Category. • QNB Finansbank signed the Women's Empowerment Principles (WEP), a joint initiative by UN Global Compact and UN Women, and confirmed its commitment to the 7 principles for building our corporate policies to further promote gender equality. • QNB Finansbank upsized its syndicated loan due in May 2021 based on sustainability criteria for the first time, raising USD335 million from international banks. The bank's syndicated loan due Decembember 2021 was also rolled in sustainability-linked format. • It issued its first green bond, of USD50 million, with the EBRD. • The Digital Bridge Platform won the first prize in the "Best Digital Strategy" Category at the European Customer Centricity Awards, one of the most important customer experience competitions in Europe. It was also awarded in the 'Europe's Most Innovative Bank' Category at World Finance, one of the most prestigious award programs in Europe • Digital Bridge platform was awarded in the category of "Top Innovations in Corporate Finance" at the "The Innovators 2021" awards by Global Finance, one of the world's most prominent financial magazines. • The new QNB Mobile, supported by Digital Intelligence Q, was made available to users. • QNB Finansleasing obtained a EUR 100 million syndicated loan, for which Dutch Entrepreneurial Development Bank (FMO) acted as originator, arranger, and agent. • QNB eFinans was named by CIO Applications among the top 10 e-Invoice solution providers in Europe for the second time.

QNB Group at a Glance

We are proud to be a part of QNB Group, a strong and highly-rated bank with a growing international footprint. Established in 1964 as the first Qatari-owned bank, QNB is the largest financial institution in the Middle East and Africa (MEA) and one of the leading banks in the MEA and Southeast Asia (MEASEA) region. QNB Group today is present in more than 31 countries spanning across three continents.

By leveraging the strength of its relationships and the diversity of its footprint, QNB Group fuels growth across multiple, strategically-selected regions, creating long-term sustainable value for individuals, institutions, countries, communities and its shareholders.

Businesses of QNB Group

1. **Wholesale and Commercial Banking**

   Offers a comprehensive suite of wholesale, commercial and SME banking products and services. These include structured finance, project finance, transaction banking, financial institutions, treasury, investment banking and advisory services.

2. **Asset and Wealth Management**

   Provides a powerful collection of onshore and offshore private banking and asset management products, with a bespoke relationship-driven approach for its institutional, high and ultra high-net worth clients. These offerings are complemented by brokerage and custody services in its major markets.

3. **Retail Banking**

   Offers a broad array of retail banking products and services across a multichannel network, with more than 1,063 branches and an ATM network of more than 4,600 machines (including those of its subsidiaries and associates). These include premium banking services through QNB First and QNB First Plus designed for affluent clients.

4. **International Business**

   Focuses on connecting the network to the Head Office, expanding QNB's global presence and enabling international cooperation, consistency and unrivalled customer service by providing oversight and the sharing of best practices across its network.

Key Financial Indicators

Assets	USD 300.2 bn
Net Profit	USD 3.6 bn
Earnings per Share	USD 0.36 (QR 1.32)
Capital Adequacy Ratio	19.3%

Credit Ratings

Standard&Poor's	A
Moody's	Aa3
Fitch	A+

Subsidiaries and Associates

Name	Stake (%)
QNB Finansbank (Turkey)	99.88%
QNB ALAHLI (Egypt)	95.0%
QNB Indonesia	92.5%
QNB Tunisia	99.99%
QNB Syria	50.8%
QNB Suisse (Switzerland)	100%
QNB Capital LLC (Qatar)	100%
QNB Financial Services (Qatar)	100%
Mansour Bank (Iraq)	54.2%
Commercial Bank International (CBI) (UAE)	40%
Housing Bank for Trade and Finance (HBTF) (Jordan)	38.6%
Ecobank Transnational Incorporated (Ecobank) (Togo)	20.1%
Al Jazeera Finance Company (Qatar)	20%

Shareholder Structure
Key Financial Performance Indicators

Shareholder Structure

	Capital (TL, thousand)	Share (%)
Qatar National Bank (Q.P.S.C.)	3,345,892	99.88%
Others	4,108	0.12%
Total	**3,350,000**	**100.00%**

Key Financial Performance Indicators

(mn TL, unconsolidated)	2017	2018	2019	2020(*)	2021(*)
Net Loans	82,683	94,018	110,683	138,719	200,832
Deposits	67,641	87,090	105,626	130,560	226,923
Shareholders' Equity	12,155	14,572	16,685	19,212	22,144
Total Assets	125,857	157,416	181,681	227,243	371,369
Net Interest Income(**)	4,276	5,666	5,863	6,684	7,669
Net Fees and Commission Income	1,686	2,140	2,691	2,363	3,391
Net Profit	1,603	2,410	2,622	2,747	3,928
Return on Equity (%)	14.3%	18.1%	17.1%	15.8%	19.0%
Capital Adequacy Ratio (%)	15.0%	15.4%	15.7%	16.4%	15.9%

(mn TL, consolidated)	2017	2018	2019	2020	2021
Net Loans (***)	88,286	100,377	116,749	146,449	212,565
Deposits	67,543	86,826	105,500	130,275	225,877
Shareholders' Equity	12,428	14,603	16,765	19,241	22,152
Total Assets	131,195	163,500	187,526	235,020	383.849
Net Interest Income(**)	4,521	6,022	6,280	7,177	8,135
Net Fees and Commission Income	1,783	2,252	2,824	2,601	3,682
Net Profit	1,772	2,573	2,865	2,755	3,908
Return on Equity (%)	15.6%	19.0%	18.4%	15.8%	18.9%
Capital Adequacy Ratio (%)	14.5%	14.8%	15.2%	15.8%	15.2%

(*) After swap expenses – IAS-27 equity method consolidation has been implemented as of 2021, and 2020 figures have been restated retrospectively.

(**) After swap expenses

(***) Includes leasing and factoring receivables

International Credit Ratings

Fitch Ratings(*)	
Long Term FC Issuer Default Rating	B+ (Outlook: Negative)
Long Term LC Issuer Default Rating	BB- (Outlook: Negative)
Short Term FC Issuer Default Rating	B
Short Term LC Issuer Default Rating	B
Long Term National Rating	AA (tur) (Outlook: Stable)
Viability Rating	b+
Shareholder Support Rating	b+
Long Term Senior Unsecured Debt Rating	B+
Short Term Senior Unsecured Debt Rating	B

Moody's	
Long Term FC Deposit Rating	B2 (Outlook: Negative)
Long Term LC Deposit Rating	B1 (Outlook: Negative)
Short Term FC Deposit Rating	NP
Short Term LC Deposit Rating	NP
Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b1
Long Term FC Counterparty Risk Rating	B2
Long Term TL Counterparty Risk Rating	Ba3
Short Term FC Counterparty Risk Rating	NP
Short Term TL Counterparty Risk Rating	NP
Long Term FC Senior Unsecured Debt Rating	B2 (Outlook: Negative)
Long Term FC Senior Unsecured MTN	(P) B2
Long Term LC Senior Unsecured MTN	(P) B1
Other Short Term FC	NP
Other Short Term LC	NP

(1) On 25 February 2022, Fitch revised the credit ratings and relevant outlooks of 22 Turkish banks, including the Bank, following its decision to downgrade Turkey's sovereign ratings from "BB" to "B+" with a negative outlook on 11 February 2022.

Fitch revised the Bank's Long-term Foreign Currency Issuer Default Rating from "B+" to "B" (with a negative outlook) and Long-term Local Currency Issuer Default Rating from "BB-" to "B+" (with a negative outlook). Similarly, the Bank's Long-term Senior Unsecured Debt Rating was revised from "B+" to "B", and the Bank's shareholder support rating was revised from "b+" to "b". While the Bank's Viability Rating at "b+" was placed on Rating Watch Negative (RWN), the Long-term National Rating was affirmed at "AA(tur)" with a stable outlook. Short-term ratings of the Bank were also affirmed at their prevailing levels at "B".

Assessment of Bank's Financial Position, Profitability and Solvency

QNB Finansbank continued to support the economy throughout the year 2021, when the implications of the Covid-19 pandemic prevailed. In line with the Bank's plans regarding increasing the client base by focusing on banking activities, net loans increased to TL200 billion 832 million. The total number of branches was 444 as of 31 December 2021 (475 - 31 December 2020), with 442 domestic (472 - 31 December 2020), one off-shore (one - 31 December 2020) and one airport branch (one - 31 December 2020) located at the Atatürk Airport Free Zone.

Assets

The Bank maintained its customer-oriented focus during year 2021 and continued to grow both in retail and business loans. As of 31 December 2021, net loans realized at TL200 billion 832 million with an increase of 45% compared to 2020 year-end, as total assets increased by 63% in the same period, reaching TL371 billion 369 million. As of 31 December 2021, securities portfolio of the Bank rose by 45% to TL3 billion 928 million, strengthening the Bank's net interest income and assets growth while further reinforcing its already robust liquidity buffers.

Liabilities

In line with this growth in assets, QNB Finansbank continued to increase its deposits in a balanced manner. As of 31 December 2021, customer deposits of the Bank grew by 70%, reaching TL213 billion 946 million, while shareholders' equity rose by 15% to TL22 billion 144 million.

Profitability

In 2021, net interest income including swap cost realized at TL7 billion 669 million, recording 15% growth compared to 2020, despite rising TL funding costs and swap costs in 2021, also thanks to the contribution of CPI linkers portfolio and growth in average interest-earning assets. Net fees and commission income reached TL3 billion 391 million. In 2021, profit before tax of the Bank amounted to TL4 billion 990 million, and the net profit realized at TL3 billion 928 million.

Solvency

Due to its strong capital structure and high return on equity, QNB Finansbank has a sound financial structure. Bank has utilized its capital efficiently for its banking activities and has maintained its robust return on equity. When taking into consideration of its funding structure, beside large deposit base that QNB Finansbank has also funded its loans by using long-term external funding. While the Bank attained a cost advantage through the use of various funding sources, it also minimized risks due to the maturity mismatch of its assets and liabilities.

Activities in Year 2021

Corporate and Commercial Banking

QNB Finansbank Corporate and Commercial Banking provides services to multinational companies and companies with an annual turnover higher than TL500 million with its 3 corporate branch and 4 corporate representatives located in Adana, Antalya, Bursa, İzmir; and provides services to companies with an annual turnover from TL75 million and TL500 million with its 25 commercial branches located in 16 provinces. Corporate and Commercial Banking products and services as well as products and services such as structured finance, project finance, cash management and foreign trade are also provided in accordance with customer needs.

QNB Finansbank Corporate and Commercial Banking, with its lending and non-lending products, aims to provide tailor-made financial services to its customers, increase the efficiency in their daily transactions and also provide holistic financial service with a long-term cooperation strategy in order to be their main bank. As a subsidiary of a leading financial institution in the Middle East and Africa Region, QNB Finansbank continues to provide financial solutions not only for companies at local scale but also for the ones that have commercial relationships in the regions where QNB Group operates.

QNB Finansbank Corporate and Commercial Banking, in line with QNB Finansbank's growth strategy and its vision of financing investments and projects that will contribute to the Turkish economy, achieved a growth of 59% in cash loans, 48% in non-cash loans, and 55% in total loans in 2021. Also, it increased its market share and continued to strengthen its position in the business enterprise sector by growing above both the sector and the private banks. Asset quality has been improved along with sustainable loan growth with a prudent risk management approach, risk-based credit policies and credit evaluation systems.

QNB Finansbank Corporate and Commercial Banking takes pioneering actions in the face of changing business conditions. On the Commercial Banking side, the Commercial Centres Project was launched considering the diversifying customer needs in 2021. the aim is to provide integrated financial services to customers and increase synergy between different teams by bringing together commercial branches, subsidiaries and product specialists, located in the 3 big cities of Turkey, under the name of Commercial Centres.

QNB Finansbank Corporate and Commercial Banking continued to take part in the financing of projects and investments that support the growth and development of the Turkish economy in 2021 as well. While there was a slowdown in new investments due to the pandemic and macroeconomic conditions, the volume of TL denominated loans in project finance increased by 28% as of June 2021 and the market share rose to 6.1%.

QNB Finansbank Corporate and Commercial Banking continues to provide customer-specific, technology-driven and dynamic solutions to its customers with Cash Management and Trade Finance Department. With the goal of getting a larger share of their customers' cash flows, appropriate products and services are offered in accordance with the needs of customers at the right time. Thus, as of 31 December 2021, the cumulative market share of the Bank increased to 6.07% in collection checks and 5.28% in payment checks. Also, the total market share reached 8.04% in exports and 7.47% in total foreign trade as of the end of year 2021.

With the vision of becoming the main bank of trade finance, the "Step by Step Export Program" was accomplished, which offers special solutions and services to SMEs and some other advantages, enabling SMEs to perform their trade finance transactions more quickly and effectively. With this program, customers can request support and guidance from QNB Finansbank's professional solution partners in many areas such as logistics, customs, finding a marketplace, storage and training. In 2021, the international payments money transfer platform "RippleNet", providing the convenience of money transfer between QNB Qatar and QNB Finansbank individual customer accounts, was launched. In addition, different features like bill payments were added to the mobile wallet application which was integrated with one of QNB Finansbank's fintech solution applications named "Kassa" in order to acquire new customers. Also, communication with customers is strenghtened by organizing campaigns.

QNB Finansbank Corporate and Commercial Banking continues to invest in digital products and services suitable with the changing conditions and in line with the digitalization trends accelerating with the pandemic. Via digital products and services, the opportunities to execute banking transactions without visiting the branch continue to be increased. With the "Digital Bridge" which is the main focus of QNB Finansbank's Digital Transformation Project, many products and services are offered to customers in SME and Commercial segments as a part of providing digital transformation processes.

QNB Finansbank Corporate and Commercial Banking will continue to offer qualified customer-oriented products and services in 2022, taking into consideration all the needs of its customers. For all stakeholders, in order to receive the best service under the roof of QNB Finansbank, the work has been carried out with all business lines and subsidiaries within the bank. As always, customer satisfaction and the goal of being the first choice of customers will be prioritized in banking operations.

SME Banking

QNB Finansbank SME Banking is composed of two main segments, namely Medium-sized Enterprises Banking and Small Business Banking. Enterprises up to an annual turnover of TL8 million are served by the Small Business Banking segment, and enterprises with an annual turnover of TL8-75 million are served by the Medium-sized Enterprises Banking segment.

QNB Finansbank continued to support SMEs, seen as the lifeline of the economy, with over 1,500 employees (Relationship Managers [RMs] and Branch Managers) at 395 branches, thanks to projects it has brought to life and a high level of focus. SME loans correspond to 21% of total loan portfolio of the bank.

QNB Finansbank stands out in the sector with its business model that is both profitable for the bank and attractive for customers. Customer-oriented services such as Digital Transformation, SME Easy Line, internet/mobile credit usage have been the key to success in the SME segment.

Investment in out-of-branch channels was a priority for QNB Finansbank in 2021 for clients to complete all banking transactions in a swift and efficient manner, without paying a visit to physical branches. Especially during the pandemic, RMs who worked from home with their tablets quickly met all the demands of Bank customers. SMEs were offered such ease and comfort through “SME Easy Line”, serving only SMEs and offering instantaneous and professional support by “remote RMs”, allowing SMEs to carry on transactions on the phone. Further improvements in an end-to-end digitized credit underwriting and drawdown system is underway and planned to become live by mid-2022. In addition, in “360 Finansçı” (Financier 360) project, initiated in 2018 and planned to be repeated annually, QNB Finansbank SME Banking RMs have been extensively trained in providing 360-degree services and financial consultation. During the pandemic, “360 Finansçı” content was revised with global conditions in mind and QNB Finansbank RMs continue to train online.

Dijital Bridge Project, which has realized to meet customer demands not only for banking activities but also out of banking service needs in September 2019, is one of the main focus in 2021. The total number of active SMEs has reached 41,000 in 2021 and QNB Finansbank SME Banking made a difference in the sector. QNB Finansbank Digital Bridge Platform offers SMEs e-Invoice, e-Ledger, e-Archive, e-Waybill services in addition to 10 different digital solutions such as Human Resources Management, Reconciliation Processes, e-Commerce Marketplace Management, Pre-Accounting Program, Alternative Financing Solutions, Multiple Bank Account Management, International Logistics Management, Chatbot Solutions, and e-Commerce Platform. These solutions mentioned previously are provided free of charge and with discounted prices for Digital Bridge customers together with 10 different business partnerships. Even today, there is no other service providing these solutions on a single platform and free.

Moreover, Digital Bridge Academy, which was launched in 2020, enables customers to manage their companies in line with new technology and opportunities. This platform offers SMEs online trainings and information that are beneficial for their businesses, by bringing them together with professionals.

Additionally, Digital Bridge proves its success with international awards in 2021.

2021 Digital Transformation QNB Finansbank Awards

Stevie Awards 2021: Digital Bridge: Business Intelligence Solution (Gold)

World Finance Banking Awards, Europe 2021: Most Innovative Banks

Global Finance, The Innovators 2021: Excelling Innovation in Corporate Banking

European Customer Centricity Awards, 2021: Best Digital Strategy

Aiming to boost SME power by siding with clients in global competition, QNB Finansbank provides training and consultancy in foreign trade issues. By placing itself close to its clients organizationally, QNB Finansbank provides its expertise in foreign trade. Allowing clients to carry out foreign trade transactions via its internet branch leads QNB Finansbank clients swift and easy access through all channels.

With client comfort as a priority, QNB Finansbank has renewed its “Rahat Paket” (Comfortable Deal) product within the scope of BRSA regulations and continues to offer its customers the unique comfort advantage in the sector. With the renewed “Rahat Paket” product, the management approach focused on customer satisfaction has been maintained in 2021. The increase in the number of such clients is a sure sign of the focus of always being there for the clients as “Finansçı” and increasing the number of customers whose main bank is QNB Finansbank. In addition, QNB Finansbank includes its customers with Rahat Paket to the “Kobi Loca” (SME Lounge) segment, which offers them various advantages. Only customers with a certain relationship volume and customers with a “Rahat Paket” are included in the “Kobi Loca” segment. Customers in the “Kobi Loca” segment are exempted from money transaction and credit allocation fees.

During the pandemic period, remote service was provided to SMEs thanks to the digital channel-oriented structure and the ability of RMs to work from home with tablets. In such a period, loan rescheduling and restructuring operations were continued in order for customers to maintain their cash flow balance. During this period, QNB Finansbank was again side by side with SMEs by quickly meeting the rescheduling and new loan requests of the customers and will continue to do so. This has also helped the bank in preserving close relations with customers, which is its most important focus, through customer calls and online meetings instead of physical visits. Prioritizing the satisfaction of RMs working in branches, SME Banking teams got together with RMs in online meetings, and reward and recognition programs such as “Kristal Finansçı” were realized through online award ceremonies.

SME Banking
continued

Real Estate Financing
QNB Finansbank realizes real estate financing with an expert team, with the aim of supporting the construction sector, a key sector in the economy. Project-based and customized financing models are provided to firms active in build-and-sell as well as urban transformation, additionally offering solution partnerships by closely monitoring market developments.

In addition to finance solutions for firms, individual clients interested in purchasing housing in these projects are also supported through campaigns and opportunities in customized payment plans. QNB Finansbank offered special terms and project-based finance models to more than 100 real estate firms in 2021.

In 2022, QNB Finansbank shall continue to closely monitor sectoral developments, follow up its innovative efforts and provide customized finance solutions, focused mainly on the building sector.

Tourism Banking
Regarding the strategically important tourism sector, QNB Finansbank determines sectoral needs thanks to its customized organizational construct and provides services and products by sector-specific finance models.

In 2022, QNB Finansbank continues to provide loan support with special terms and guarantees, and financing models tailored to the company and project within the scope of tourism banking activities.

One of the sectors where the negative effects of the pandemic were felt harshest in 2021 was the tourism sector. QNB Finansbank continues to support the sector by revising payment plans with additional maturity and/or grace periods that companies need to manage their cash cycles, due to the fact that most of the hotels were closed, the level of both domestic and foreign tourism and the number of tourists decreased.

QNB Finansbank, keen on providing the expert touch necessary in different sectors, brings customized solutions to the tourism sector.

Retail, Affluent and Private Banking

Consumer and Private Banking

In 2021, QNB Finansbank Retail and Private Banking focused on providing the fastest and most appropriate financial solutions to its customers' needs, while considering the highest level of customer satisfaction and developing new products and services in this direction. During the pandemic, which still affects the world in 2021, QNB Finansbank has offered its customers an uninterrupted banking experience independent of time and place. As a technology-focused bank, it has offered guidance, chatbot and live assistance options to the customers on its digital channels so that the customers can access banking services in an easy and healthy way. In addition to Digital Onboarding process which enables people to become a QNB Finansbank customer through video calls, the functionality in digital channels has been diversified. Focusing on being the main bank of its customers, QNB Finansbank aimed to be by their side and support them not only financially but also in all business processes with its innovative solutions and digitalization activities. The strategy of monitoring product penetrations and presenting the right product to the customers in order to become the main bank of customers continued to increase in 2021, and the number of main banking customers of QNB Finansbank increased by 32% compared to 2020. As QNB Finansbank has continued to stand by its customers with its reliable and fast banking services, it has adopted as its main principle to protect human health in all its processes through further development of its digital channels.

In 2021, QNB Finansbank continued to provide services at 444 branches. With the intention of saving time spent on operations at its branches and preserve the environment, the Bank has executed its "digital transformation" and "paperless banking" principles for a sustainable future. With the digital transformation, customer satisfaction and productivity have been further increased, while Bank customers are directed to digital channels due to the pandemic and it has been aimed to perform banking transactions with minimum risk. In 2021, 94% of the branch transactions was operated with the digital approval system, without the need of any documents. In 2021, the "Tek ATM" Platform, of which QNB Finansbank is a member continued. The Bank continued to provide free money transfers, balance inquiry, and credit card payments for its customers from other bank members' ATM's with this partnership.

In 2021, Bank's cooperation with Western Union continued to create alternative solutions for its customers' money transfers to other countries. QNB Finansbank continued to offer its customers with the Western Union money sending and receiving service, which enables fast, secure and easy money transfer to more than 200 countries through its branches and mobile branch.

Providing 24/7 service through the mobile branch for this product, which makes a significant contribution to the acquisition of new foreign customers and the increase of the activity of its existing customers, has made the lives of Bank's customers much easier during the pandemic period. In 2021, when maintaining social distance was the top priority, more than 75% of Bank's Western Union customers preferred the mobile branch to perform their relevant transactions. After Western Union transactions were transferred to the digital environment with the mobile branch, enhancing customer experience, permanence and volume were achieved and the bank's commission income increased significantly.

QNB Finansbank's support to Turkish sport continued in 2021. The Bank's partnership with Trabzonspor as arm band sponsor deals continued. Regarding this partnership, the Bank has introduced customer targeting and brand communication activities for Trabzonspor's fan base.

In 2021, QNB Finansbank consumer loans increased its share in the consumer loans market up to 11.21%. It has grown by 40% compared to 2020 and reached TL35 billion. Also, there were many infrastructural improvements had been made for consumer loans and overdrafts so that customers' needs can be met in an easy and quick manner. Moreover, the focus was on acquiring new customers, improving non-branch channels and increasing product penetration. Moreover, new customer acquisitions have been improved by introducing new pricing models, improving the web channel infrastructure to be able to take overdraft applications and last but not least improving the entire consumer loan application processes. By improving and diversifying the marketing actions for different customer segments, customer retention has been improved. Furthermore, there have been many changes made in QNB Finansbank mobile branch to improve customer experience for consumer loans processes.

Expediting its digital transformation process, QNB Finansbank took actions in order to protect health of its customers and continued to provide Deposit products by means of all channels possible throughout the year of 2021 with ongoing effects of the pandemic. The Bank aimed to facilitate and improve customer experience in transactions, performed through digital channels, in Savings Account and Daily Savings Account where customers can use their savings daily and exploit the advantages of both checking and time deposit accounts. As a result of the actions following the onboarding processes in particular, campaigns and differentiation of interest rates per channel, overall balance of Daily Savings Account has increased up to 121% in 2021. Additionally, since the withholding advantage remained for the whole year, QNB Finansbank provided services in wide range of products per customer need with Flexible Time Account and Short Term Flexible Time Account (the deposit products enabling customers to use the balance of time deposit account without breaking the term deposit), Salary Account (offering interest profit on monthly basis), and Multi-Currency Account (enabling customers to perform transactions in FX at the time of fluctuations without breaking the term deposit).

Number of customers also increased in Central Deposit Transactions team where special representatives meet customers on the phone in order to perform deposit transactions during pandemic. Hence, 86% of QNB Finansbank customers with active time deposit accounts performed their transactions by phone without any need of paying visits to branches physically in order for opening for new accounts, extending time deposits and performing other deposit transactions; and they also received support from special representatives solving any problem or query on their depository transactions.

As a result of the notifications announced by the CBRT and Republic of Turkey Ministry of Treasury and Finance in the end of 2021, Bank launched new deposit products where customers hold TL and FC based accounts can earn returns without losing any exchange rate based on the opening and maturity dates.

QNB Finansbank has continued to serve customers investment products in line with their investment risk and return preferences by tracking macroeconomic conditions and market trends, and also widened its range of investment products thanks to the expertise of QNB Finans Asset Management and QNB FinansInvest.

Investors have been ensured participation in IPOs in which QNB Finansinvest is a member or head of the consortium. With the guidance of QNB Finansportfoy's expertise, innovative mutual funds have also continued to be offered to customers. As an example, Artificial Intelligence based Fund of Funds has been launched. The outputs of the artificial intelligence-based portfolio evaluation model are used in the process of selecting the funds to be invested and determining their weight and high volume of demand has been demonstrated by investors. In addition, throughout the year the range of mutual fund products has been expanded with the launch of new mutual funds such as Multi Asset Participation Fund, Gold Fund and Technology Fund of Funds. Also, a thematic mutual fund involved with the concept of environmental sustainability has been launched, which invests in global and local mutual fund/exchange traded fund shares with clean energy and water themes. The fund not only enables the Group clients to invest in clean energy & water themes but also helps to finance the global companies working towards environmental sustainability. Last but not least, 6 new hedge funds have been started to offer to qualified investors.

In 2021 "Sen de Kutla", which is the one of the projects of QNBEYOND in-house entrepreneurship program, has been made available to QNB Finansbank customers, allowing customers to create online invitations for their special events and accept gold as a gift from their guests online.

Global Covid-19 pandemic that has started in 2020 and been a major concern ever since made health related issues the top priority for everyone. Paying close attention to the customers' needs, QNB Finansbank has been offering Cigna Complementary Health Insurance to the customers since January 2021, following the exclusivity agreement signed in 2020 with Cigna Sağlık Hayat ve Emeklilik A.Ş. The health insurance product developed with Cigna's global expertise is expected to establish a strong position for QNB Finansbank and Cigna in the rapidly growing health insurance sector in Turkey.

As for property and casualty insurances, QNB Finansbank has launched the bancassurance transformation project in partnership with Sompo Insurance to better respond to the changing needs of customers in a rapidly digitalizing world and evolving technological outlook.

The focus on salary customer acquisition continued in 2021. QNB Finansbank had an active role in payment of salaries and fulfilling banking needs of prominent Turkish and global companies. Customer programs that provide advantageous loans, attractive deposit rates and advantageous discounts for salary customers have continued to be carried out successfully as they do every year. With the effect of the increased field focus, the number of salary customers and the number of companies which paying salaries increased significantly. Monitoring the important metrics of existing customers also maximized efficiency.

QNB Finansbank led the sector in retiree pension segment as it was the case in 2020. As a result of the promotion campaign, the number of retiree pension customers increased significantly compared to 2020. In addition, digitalization projects have been implemented in the retirement banking processes and has continued to provide faster and safer service by activating call center and mobile banking channels during the pandemic period.

The focus on increasing orders for Automatic Bill Payments continued in 2021 through both sales and marketing teams, call center and digital channels. In addition, it was aimed to offer the highest benefit to the customers through money-point campaigns and collaborations with third-party companies, thus increasing the number of automatic bill payment orders per customer and in total.

QNB Finansbank has taken its place among the limited number of member banks of the FAST (Instant and Continuous Transfer of Funds) system offered by the CBRT, which allows 24/7 money transfer. Additionally, focusing on an innovative product, Kolay Adres, in 2021, QNB Finansbank has risen to the 3rd rank among all banks with advertisements and campaign setups on digital channels.

Affluent Banking

QNB Finansbank offered privileged products and services for affluent segment customers who prefer the bank for their savings, continued in 2021 with QNB's global brand, QNB First. With a wide range of special financial products for their assets and specially designed life-style privileges such as travel and shopping, the Bank aimed to serve the "first class" banking experience. As a part of the cooperation between QNB Finansbank and Turkish Airlines starting in 2019, with the "Miles&Smiles" miles program, QNB First clients continued to be offered with the opportunity to earn miles at exclusive rates on their credit card spendings.

Banking privileges designed by prioritizing the needs of QNB First customers have been expanded, and efforts are made to provide customers with an exclusive banking service that will provide maximum benefit. With the assistance of QNB First Customer Relationship Managers, customers have the opportunity to receive services and answers according to their banking needs in special rooms in Bank branches, reserved exclusively for Bank clients, with a solid base on confidentiality and confidence. With QNB First Service Line, customers are instantly greeted by a special assistant placed just for QNB First customers, available at any time of the day. With a unique banking experience offered, all financial transactions can be carried out at once, and special services of the QNB First can be accessed, with the assistant special to QNB First. In addition to free remittance and EFT service to QNB First customers over the Internet Banking and QNB Mobile, high ATM cash withdrawal limits, free transaction privileges with a single ATM platform, discounted general purpose loan interest rates in cash collateral loans and discounted safe deposit boxes. Within the scope of the "Members Get Members" campaign, customers who bring their friends to QNB First have been offered 5,000 miles for each friend they bring, or QNB First Point privileges offered under QNB First Digital's Loyalty Program.

Due to the COVID-19 pandemic, the digital privileges that have been offered to the customers with the motto "Your health is important to us", have been more prominent. QNB Finansbank continued to invest on QNB First Digital, the mobile interface specially designed for these customers in order to enhance affluent banking privileges "digitally". In addition to the existing privileges offering special solutions to affluent customers, such as free dry cleaning", privileged miles with free M&S credit cards, free books from the "QNB First Library", special discounts have been offered with yacht charters, event tickets, car rental. Also, customers have been offered a discounted price on various digital platforms such as Netflix etc.

In 2021, QNB First and QNB First Digital achieved significant success. At Stevie Awards, one of the most prestigious award programs of the international business world, in the field of Customer Satisfaction Strategy, QNB First brand and its mobile branch interface, QNB First Digital, were awarded Bronze Stevie. In addition, with the rapidly digitalized word, QNB First Digital were awarded with the First prize in the category of "The Best Digital Strategy" at the European Customer Centricity Awards, one of the most prestigious awards in the world.

In the post-pandemic period, with the increase of AI-focused workflows, QNB Finansbank's emphasis on facilitating the financial lives of its customers continued increasingly. According to this focus, QNB Finansbank made its new mobile banking application QNB Mobile supported with Digital Intelligence Q available for all of its customers. The new mobile application, called Q, stands out from others with its digital intelligence, customizable clipboard structure, user-friendly interface, quick access panel and enriched menu. AI technology used in its infrastructure that understands users and makes their lives easier. Thanks to its digital intelligence, Q gets to know its users closely, sees their banking footprints, makes predictions about their needs and offers clever suggestions just in time.

As a result of customer acquisition initiatives for target groups taken in 2021, the number of Affluent Segment clients who meet the segment saving criteria that is between TL175,000 and TL1.75 million, has increased by 20% an annual basis.

Private Banking

QNB Finansbank continued to serve its "Private Banking" customers with assets above TL1.75 million in 2021, in line with the customer risk and return expectation and by offering customized solutions. While providing privileged and specially designed services in banking to the customers who are members of the Private Banking world, exclusive privileges and experiences for the daily lives of the customers continued.

At QNB Finansbank, with the motto of "Banking has never been so personal...", private banking customers can easily perform their transactions through private banking customer relations managers and 24/7 private banking service line, can make free EFT transactions via internet banking and QNB Mobile and benefit from many banking services such as safe deposit box service with 50% discount.

In addition to the banking privileges offered to private banking customers, non-banking privileges and privileged miles with free Miles&Smiles credit card, "Discounted Private Driver and Vehicle Maintenance Service" by Alfred, MasterCard Lounge Key service, QNB First Digital loyalty program, special discounts have been offered with yacht charters, event tickets, and discounted car rental with QNB First Digital services continued to be provided. Due to the pandemic, the digital privileges have been offered to the customers with the motto of "Your health is important to us" have been made more prominent and in addition to the existing privileges, new special discounts were offered to the customers on digital platforms such as Netflix etc.

In 2021, QNB Finansbank took actions to increase the number of customers with acquisition efforts for target customer groups. As an example of these efforts, with the "Members Get Members" program, Private Banking customers who bring their friends into the world of QNB First or Private Banking are given 5,000 miles or QNB First Points offered as part of the Loyalty Program of QNB First Digital for each new customer they offer.

Throughout the year, QNB Finansbank Private Banking increased its customer acquisition significantly and improved the customer retention to higher levels with its projects and value propositions. As a result, the number of Private Banking segment customers increased by 51% on an annual basis.

Quartz Wealth Management

In 2021, Quartz Wealth Banking continued to offer private banking services to QNB Finansbank Quartz customers by the wealth banking managers who have extensive experience in banking and are well equipped with both market and product knowledge. Quartz customers carry out their transactions regarding all banking and investment products with the wealth managers assigned to them. Online/video visits were paid to the customers in Turkey and all over the world by making the most of the technological opportunities during the pandemic. QNB Finansbank ensured that all banking services continued without any interruption by giving the sense of support to the customers, and the customer satisfaction score was 88% in 2021.

Quartz Wealth Banking tries to get to know the customer more by creating a mutual trust environment with Bank customers and offers exclusive financial solutions in parallel with their financial expectations and targets based on their risk groups with extensive investment options. Quartz Wealth Banking evaluates the market data received from Turkey and all over the world and provides necessary announcements regarding the possible risks and opportunities concerning the investments of its customers. Wealth managers manage the customer assets under the light of all data and in line with all the customer requests by taking the changes in policy and economy into consideration in a global perspective.

Quartz Wealth Banking continued its growth with the high customer satisfaction and customer sustainability in 2021. The number of Quartz customers increased by 36% and portfolio exceeded TL40 billion at the end of 2021 with high customer sustainability ratio.

Retail, Affluent and Private Banking
continued

Digital Banking

In 2021, services provided through digital channels have been improved and innovative solutions have been carried out in order to offer Bank customers a complete digital banking experience independent of time and place. The number of digital active retail customers exceeded 3.7 million by the end of 2021 with an increase of 18% compared to the previous year thanks to the actions held in 2021; such as renewal of QNB Mobil, acquisition of new customers, increased transaction capacity, and various marketing activities carried out to increase existing customer loyalty.

QNB Mobil, which has been renewed to offer a better experience to the customers and supported by artificial intelligence-based Digital Intelligence Q become available to all customers in 2021. The new mobile application, called Q for short, differs from others with its digital intelligence, customizable board structure, user-friendly interface, Quick Access Board and enriched Agenda Board.

Since May 2021, thanks to the new legislation related to digital customer onboarding, QNB Finansbank started to acquire new customers via video-calls through QNB Mobil (without any need of face-to-face interaction or wet signature). More than 60 thousand new customers onboarded successfully after completing KYC stages in the video-call ever since. With the QR withdrawal/deposit feature on QNB Mobil, customers are able to carry out their transactions in a contactless and fast manner during the pandemic period.

QNB Finansbank continued to focus and invest on QNB First Digital, Bank mobile interface specially designed for Affluent and Private Banking customers, in order to present Affluent and Private Banking privileges "digitally" and to increase the satisfaction and loyalty of its customers in 2021. As a self-service online channel, all banking services (deposits, investment products, credit cards, cash flow products, and insurance etc.) are provided and promoted within QNB First Digital. In addition to banking services, non-banking privileges such as "Free Dry Cleaning", free/discounted books from the "QNB First Library", QNB First Loyalty Program and special discounts on digital platforms such as Netflix, App Store were offered to the customers via QNB First Digital. As a result of these, the Bank increased Affluent & Private customers' mobile banking penetration by 8% in 2021.

In 2021, Bank customers were properly informed and guided through real-time communications via QNB Finansbank and CardFinans social media channels. At the same time, product/service/campaign, corporate social responsibility and sponsorship promotions/marketing activities, and special day communications continued to increase brand awareness, value, and reputation in digital channels.

Social listening and sentiment analysis continued by scanning all online channels in order to monitor what, on which platform, when, how, and why customers were talking. Responding to messages shared by customers quickly and accurately with a solution-oriented attitude continued. In this context, progress was made with the target of replying to 75% of the messages shared during the year within the first 15 minutes, 98% within the first 60 minutes, and 100% within 120 minutes.

Also, the "Digital Intelligence Q" project as a result of QNB Finansbank and Onedio collaboration received the Bronze SMARTIES award in the Contextual / Native Advertising category at the MMA Smarties Turkey & EMEA 2021 Awards program.

The program belongs to SMARTIES which is organized by the Mobile Marketing Association MMA (Mobile Marketing Association). Also, it is the first competition program in the world that rewards the "Modern Marketing" approach and "Making an Impact on Mobile" theme that puts forward by brands, agencies, and technology providers together.

In the field of digital performance marketing, 2021 has been a year in which QNB Finansbank has focused on increasing customers' share of use in Bank's digital channels and improving processes through which they can access Bank's products and services whenever and wherever they want. QNB Finansbank increased its investments in the use of digital channels by leaving traditional methods behind and providing instant solutions to customers' needs; the Bank continued to offer its customers a unique experience.

Communications continued through digital media owned and/or purchased by the bank in order to achieve performance-based goals such as new customer acquisition, existing customer activation, new product sales, and brand awareness. At the same time, new projects and activities that increase the application/sales performance on all websites and mobile applications of the bank and its products and continuously improve the user experience were continued.

Enpara.com

Launched by QNB Finansbank in October 2012 as the first direct banking model in Turkey, Enpara.com offers retail and SME banking services through digital channels only (internet, mobile, call center and ATMs), without utilizing physical bank branches as a service channel.

In 2021, Enpara.com has reached a total of 3.0 million customers, achieving a 26% growth. Starting from 2016 serving SME customers under the Enpara.com Şirketim brand, Enpara.com reached 100 thousand customers with a 47% increase.

As of 31 December 2021, its deposits reached TL34.9 billion, and on the loan side together with credit card receivables, balance reached TL10.9 billion.

The "no annual fee" Enpara.com Credit Card, launched in December 2017, reached 880 thousand customers with a growth rate of 39% as of the end of 2021.

Enpara.com commenced to offer a fee-free POS product to its SME customers in the second half of 2020 and reached 20 thousand POS terminals at the end of 2021.

Starting from 2020 Enpara.com started to present chat option as a new service channel for its users and in 2021 the portion of chat sessions recorded as 53% among all incoming voice calls and chat sessions.

In 2021, the local regulation for remote customer onboarding process was announced and among the all banks in the market, Enpara.com received the highest total number of acquisitions by using this newly adapted onboarding process. The portion of remote customer onboarding process in the whole Enpara.com consumer acquisition figure reached to 51%.

With its field team visiting customers all around Turkey, its contact center team answering calls in 30 seconds, and its focus on flawless user experience and customer-friendly practices, Enpara.com received numerous notes of gratitude from its customers and for 2021 once again promoter score received stood at 78%, explicitly higher than industry average.

Payment Systems

Miles & Smiles QNB Finansbank Credit Cards
Within scope of the agreement signed with Turkey's flag carrier airline company Turkish Airlines, QNB Finansbank had launched three new credit cards, namely "Miles&Smiles QNB Finansbank," "Miles&Smiles QNB First" and "Miles&Smiles QNB Private" in 2019 in collaboration with Turkish Airline's frequent flyer programme, Miles&Smiles. In 2021, Miles&Smiles QNB Finansbank credit card holders continued to earn miles with privileged rates from their flights with Turkish Airlines and program partner airlines, on their expenditures at Miles&Smiles programme partners, and on their spendings via using their Miles&Smiles QNB Finansbank credit cards and/or on the credit card campaigns been offered to them. Card holders can buy award tickets from Turkish Airlines both for themselves and for their loved-ones with miles they earn, shop at programme partners or on shopandmiles.com, and upgrade their flight classes. In addition, Miles&Smiles QNB Finansbank credit card holders can request advance miles from QNB Finansbank mobile application and call center without waiting for collecting enough miles for their flights, and purchase their airline tickets from Turkish Airlines immediately using these advance miles. These advance miles are then paid with the miles the card holders earn on their future spendings via their Miles&Smiles QNB Finansbank credit cards. Miles&Smiles QNB Finansbank credit card holders earned extra miles in various sectors and on special occasions throughout 2021, thanks to numerous campaigns offered to them, such as restaurant campaign, market expenditures campaign, new year's campaign.

CardFinans
CardFinans ranked among the top six brands in the Turkish credit card market in 2021 with approximately 7.2 million cards issued and TL15.2 billion turnover. In 2021, CardFinans ranked fifth in the market, with a market share of 9.8% and a total balance of credit card receivables amounting to TL29.8 billion.

CardFinans has aimed to infuse meaning into the lives of its customers with innovative solutions backed up by "Financial Intelligence: Q". Customers were offered MoneyPoint campaigns up to TL100 during Ramadan and back-to-school periods. Moreover, they were offered to make their purchases up to TL1,000 free of charge during in new year's period.

GiftMoney
GiftMoney program enables CardFinans credit cardholders to make free purchases in member stores from TL150 up to TL1,500. With spending commitment made by cardholders in exchange for the amount of Gift Money used, customers' usage of CardFinans in their purchases within 12 to 18-month timeframe is secured. The Program includes leading brands in various sectors in addition to making unprecedented offers and has been appreciated by CardFinans users in a short period of time.

CardFinans Fix
CardFinans Fix, one of the first no annual fee credit cards in the Turkish market, has become a preferred brand. In order to meet the increasing demand over hygiene due to the pandemic, this product has been offered with "contactless payment" feature since 2020.

CardFinans Retiree
Retirement payroll account holders at QNB Finansbank were introduced with this credit card product, providing discounts and advantages in pharmacies and food stores, back in 2014. In order to meet the increasing demand over hygiene due to the pandemic, this product has been offered with "contactless payment" feature since 2020. This product has become highly favored and the portfolio continued its rapid growth in 2021.

New Customer Acquisition
Credit card portfolio has been expanded with the use of targeted campaign offers to new customers. Digital channels increased their market shares in customer acquisition, as spot delivery card practice, which has increased its market share, enhancing customer satisfaction and productivity.

QNB First
QNB First credit cards, under the rebranded affluent segment programme in 2019, continued to offer privileged services to its customers in 2021. Designed exclusively for QNB First banking customers, QNB First offers a number of privileges like QNB First Library, discounted car rental and dry-cleaning services.

QNB First Doctors
Designed exclusively to serve the needs of doctors, QNB First Doctors continued to provide privileged services to cardholders. QNB First Doctors customers can make use of all the privileges of QNB First segment programme.

CardFinans Nurse
QNB Finansbank had launched CardFinans Nurse, the first credit card in Turkey designed exclusively for nurses, midwives and medical assistants, in March 2013. CardFinans Nurse has offered ease of payment with contactless payment features, in addition to wide scope CardFinans features and benefits.

CardFinans Debit
CardFinans Debit has continued to be the customers' card of choice, thanks to its wide range of campaigns, and ranked 7th in the Turkish debit card market, capturing a 5.85% market share in terms of POS sales in 2021.

CardFinans Commercial Cards
CardFinans commercial credit cards, designed for supporting cash management of business owners, represented 8.57% of the total Turkish commercial credit card market with 656,526 cards issued. CardFinans KOBİ had offered numerous advantages such as payment deferrals, after-sales installments, statement deferral and instant loans, making it possible for the card holders to earn while shopping.

POS
POS volume market share realized at 4.7% with 225,726 POS terminals and 170,930 member merchants.

Credits

Credits Department aims to manage the quality of the loan portfolio by expert teams in compliance with credit policies set by the Bank, while increasing credit assessment quality in every stage of the loan process via developed models, systems and designed workflows.

Experienced teams are responsible for carrying out lending work cycle operations in all stages from loan application and underwriting to close monitoring and legal proceedings. This structure is also supported by the Bank's strong analytical and portfolio management organization.

In line with the Bank's principle of decentralization in management, loan underwriting and monitoring activities are carried out by the Head Office and credit region teams in close cooperation with the field staff. Written credit policies, credit directives and procedures enable the Bank to perform effective risk management and preserve all loan records in the Bank's corporate organizational memory.

QNB Finansbank carries out the lending activities in line with the Sustainability Policy which is created to take into account the environmental and social risk assessments of the financed projects.

Retail Loans (Consumer and Small Business Segments)

Loan policies and strategies are determined according to analytically driven and rational methods. Loan evaluation and intelligence processes are designed using high technology in a highly automated manner to ensure efficiency and customer satisfaction. To reach targeted quality in the portfolio, efficient portfolio management is performed using application and behavioral scorecards with high accuracy ratio -.

The Bank aims to provide appropriate limits to the right customers as quickly as possible using data obtained from internal and external data sources such as the Credit Bureau, the Risk Center etc. integrated in the Bank's Retail Credit Assessment System.

Collection processes are managed quickly and efficiently with different strategies and sources (internal and external agent calls, sending letters, IVN, SMS, etc.) used for customer segments. Experienced law firms located countrywide follow collection of loans transferred to prosecution. On the other hand, central collection teams are involved in the collection process. Collection performance is monitored by using analytical methods.

Corporate Credit

Corporate Credit Management is carried out in line with the segment division (Corporate, Commercial, Small and Medium-Sized Enterprises, Project/Syndication, Agriculture, Real Estate Project Financing) by underwriting, monitoring, and legal prosecution teams, who are experts in their respective fields.

The corporate credit assessment processes and credit analyses are carried out using credit rating models having high discriminatory power that are developed with analytical perspective, considering size and sector of the debtor.

All credit portfolio in corporate segments are monitored closely through central information sources such as the Risk Center and the Credit Bureau, early warning systems, and behavioral scoring models. All early warning signals are evaluated on time and necessary actions are taken accordingly. The credit decision framework containing up-to-date customer financials as well as rule sets supports underwriting and monitoring functions in a proper manner.

Project financing and syndication loan proposals are evaluated by specialized staff specific to the sectors, by examining the unique needs of each project and with the most appropriate financing model for each project, and the Bank has been involved in many project finance deals.

Financial Institutions Credit Management

In 2021, Financial Institutions Credit Management Division has continued to assess the risks of all domestic and international banks and to allocate limits within the framework of the Bank's credit and risk policies and by expert teams.

Treasury

Liquidity Management
The Liquidity Management Desk is responsible for managing the liquidity of the Bank, while carrying out the responsibilities of the Bank vis-a-vis its customers, the CBRT and the BRSA. It aims to maintain the optimal liquidity composition in line with balance sheet evolution, growth expectations, business strategies and internal and regulatory requirements. The Desk fulfills the Bank's reserve requirement obligation and monitors the liquidity ratios enforced by the BRSA. It performs transactions in money, swap and repo markets and is actively involved in deposit pricing processes.

Balance Sheet Management
Balance Sheet Analysis and Asset Liability Desks manage the risks of the Bank's balance sheet, executes funds transfer pricing, and evaluates the cost of funding. Balance Sheet Management monitors balance sheet items that have risk exposure potential, evaluates various developments in terms of risks, and executes the Bank's risk management strategies determined by the Asset and Liability Committee. The Desk uses hedging derivative instruments for the purpose of risk aversion. In order to better implement the Bank's balance sheet strategies with respect to risk appetite and market developments, desks carry out simulations regarding various ratios, net interest income and evaluates future risks' and expectations' impact on the balance sheet. Balance Sheet Management is also responsible for harmonizing the bank subsidiaries' Asset-Liability Management strategies, policies and procedures with the bank, ensuring the necessary coordination with the subsidiaries, and providing the necessary support to the subsidiaries in the management of interest, liquidity and currency risks.

FX and Fixed-income Markets
The FX and Fixed Income Markets Division carries out fixed-income securities, foreign exchange and derivatives transactions. Trading limits, limit utilization and profitability are closely monitored. In 2021, the Division scrupulously analyzed and successfully managed market volatility and accordingly incurred risks, contributing positively to the profitability of the Bank.

Treasury Sales
The Treasury Sales Desk, with its customized approach to customers' diverse requirements, targets continuous increase in the customer base and deal volume, while contributing to QNB Finansbank's leading position in capital markets.

The Treasury Sales Desk provides its customers with innovative derivative products as opposed to conventional products, ranging from risk management ideas to investment products including capital protected investment alternatives.

Structured Funding
Structured Funding Division within 2021 continued successfully diversification of QNB Finansbank's funding portfolio with new funding instruments together with enhancing the correspondence with its investors and creditors along with the Bank's short, mid and long-term funding strategy.

QNB Finansbank aimed to enhance the synergy with its parent over the grounds of sustainability and got included in the Green Social Sustainable Bond Framework (GSSB) of QNB Doha. In line with its commitment to raise sustainable financing, QNB Finansbank executed its inaugural green bond with 3 years term and USD50 million with the investment of EBRD. Subject financing also stands as the first ever green bond issuance of QNB Finansbank as well as the first ever green bond investment of EBRD printed by a financial institution in Turkey. Proceeds are to be allocated to the green building projects with international certification.

Additionally, Bank printed a total of approximately USD500 million equivalent private placements under its MTN Program, and played an active role in developing this market.

QNB Finansbank also raised funding from alternative funding instruments along with expanding its Bank/ Financial Institution counterparty network within 2021. QNB Finansbank together with financing small and medium size enterprises, as well as agri-business, also support and incentivize energy efficiency projects.

Correspondent Banking
Correspondent Banking Division continued diversification of its wide correspondent network also in 2021, by adding new jurisdictions and countries under its coverage and establishing new banking relationship. While mediating over foreign trade transactions and international payments of the Bank's customers, Correspondent Banking Division as well has significantly strengthened QNB Finansbank's market share on foreign trade. The Bank's widespread correspondent network provided access to alternative funding sources both for the Bank, and for its customers and reinforced its operations in international payments, correspondent account management and treasury transactions.

QNB Finansbank, being conscious of banking sector's responsibility in transition to green economy, continued to support its customers in the process of integrating sustainable business models by providing the sustainable resources funded by international financial markets. In this perspective, QNB Finansbank rolled over both of its syndicated loans terminating in 2021 with ESG linked KPIs. The Bank raised a total of USD335 million funding in May 2021 with the participation of 12 international banks, and a total of USD350 million funding in November 2021 with the participation of 37 international banks from 21 countries, while committing to increase the proportion of electricity consumption of the Bank from renewable sources, and to have zero percent share in new greenfield coal projects in its loan book. Proceeds of these loans have be used to finance general foreign trade transactions, while the Bank also commits the purpose of supporting sustainable development of the reel sector.

Information Technologies, Operations and Business Development

Information Technologies

In line with QNB Finansbank 2021 strategies, the core banking system, Core Finans, alternative distribution channels and card payment systems have been enriched in terms of products and functions, thus rendering operational procedures more efficient.

New products and services have been offered for Enpara.com and QNB Finansbank affiliates. In 2021, QNB Finansbank Information Technologies (IT) completed 104 projects, requested by QNB Finansbank and its affiliates, and spent 77,487 man-days in total for these projects, corresponding to 745 man-days per project. Besides, 9,611 software change requests and projects regarding Core Finans, alternative distribution channels and card payment systems and requiring less than 40 man-days were realized in 2021.

Since 2005, IBTech has provided services at TÜBİTAK Marmara Research Center Technology Free Zone, with more than 800 employees. From 2018 on, IBtech has actively provided products and services to QNB Finansbank and its affiliates at DEPARK, the techno-park of Dokuz Eylul University, Tinaztepe Campus, İzmir and IBTech R&D Center at Kristal Tower.

Through R&D projects regarding software infrastructure of Core Finans, QNB Finansbank has played a role in the Fintech ecosystem. Vast resources and time are devoted to data analytics, artificial intelligence, machine learning and big data analysis and similar innovation studies. Fund support has been received from TÜBİTAK within the scope of TEYDEB 1509 International Industrial R&D Projects Support program.

Especially during the pandemic process, efforts were made to develop products and services that directly respond to needs and create added value for customers and the economy. Different innovation projects carried out with QNBEYOND were implemented in 2021.

Kassa, e-money product, includes features such as new wallet functions, improvements in information security, top-up by credit card and depositing money from ATM.

With the "Sen de Kutla" (You celebrate as well) application, it is aimed to minimize physical contact for gifting jewelry at celebration events and to offer a solution suitable for the "new normal" to the Bank's customers. It was ensured that QNB Finansbank individual customers create an event, associate their guests with this event, and the invitees buy gold via the virtual POS via the application and transfer it to the account of the event owner.

With the Yeddi Emin Account, which emerged as a result of the analysis of the negative situations encountered in vehicle purchase and sale transactions, it was ensured that the buyer and the seller make their transactions in confidence. It offers a secure transaction infrastructure that transfers the amount from the buyer to the seller as soon as it detects the change by tracking the change of ownership information from official institutions, without leaving it to the initiative of the buyer or seller, through an independent intermediary of the payment transaction.

A comprehensive project was carried out in order to make the QNB Mobile, Bank's mobile branch, more user-friendly, to offer dynamic solutions to customer needs, and thus to increase customer satisfaction, with a new and up-to-date design approach. A panel market has been designed where various panels can be selected and personalized by the customer. The front-end of Android and iOS applications have been developed according to the new design. Changes were made in the existing screen flows such as payments, money transfers, and credit card transactions according to the new design needs, analytical and campaign studies were enriched, and application performance was improved.

Compliance with the regulations on digital onboarding methods, which can be used by banks in the acquisition of new customers and verification of customer identity, published by the BRSA, has been handled as a program with various projects. Within the scope of the program, which aims to minimize physical contact in the process of becoming a customer and to offer a solution suitable for the "new normal" to the customers in this regard; Adaptation of Call Center and Mobile application processes to the regulation, detection of visual security elements in customer identitouy, development and integration of computer vision algorithms for authentication, integration of deep learning models for biometric matching (face detection and comparison) and optimization of model results, identification of identity information with NFC Projects such as the reading, the adaptation of Enpara Call Center, Mobile and Web application processes to the regulation were implemented.

New products and instructions have been added to the digital approval. Among the products and services included, individual credit and debit card transactions at the branches, displaying insurance information and documents separately in insurance product sales and submitting them for approval, obtaining joint signatures in digital approval transactions of both individual and business customers with digital approval, and the signing of new customers' banking transactions agreement (BIS) can be obtained with digital approval.

Access to the Digital Bridge services, which were implemented in 2020 within the framework of the Corporate Digital Transformation Program, via the Corporate Mobile Branch was also launched in 2021. The Digital Bridge Platform is responsive and can be used from all mobile devices. Digital Bridge services are accessed via QNB Finansbank Corporate Mobile Branch without the need to download a separate application, and applications of solution partners with mobile applications can be accessed via SSO. Thanks to the Digital Bridge compatible business model and new developments, entrepreneurial companies have also had the opportunity to create high value-added services that can benefit Bank customers.

A project was implemented in Egypt in 2021, providing channel application infrastructure for QNB Alahli (Egypt) and using the existing Enpara internet and mobile design and flows as a frontend with minimal changes, Arabic and English language support and an integrated solution with QNB Alahli systems. The second phase development work of the project has started.

Projects for transferring the campaigns to the in-house developed environment for the campaign infrastructure were implemented within a program. Campaigns launched on Core Finans and Card Application systems with File, Branch Outbound and Inbound Batch Campaigns, Enpara Call Center Inbound Campaigns, Enpara Internet, Mobile and ATM Campaigns, and call campaigns made by Cigna on behalf of the bank using the bank's communication permissions are the campaigns that have been transferred to the new structure.

A number of projects were implemented within the scope of compliance with the Regulation on Banks' Information Systems and Electronic Banking Services. Efforts were made to comply with legal regulations, especially the KVKK (Personal Data Protection Law), and necessary actions were taken quickly.

DevOps is a set of practices that combine software development and information technology operations aimed at shortening the system development lifecycle and ensuring continuous delivery with high software quality. The DevOps studies initiated in previous years, the improvement of the deploy flows of the channels in 2021, and the first container-based examples were created within the framework of Private Cloud.

The integration project into the FAST infrastructure, which was created by the CBRT separately from the existing EFT infrastructure and which will enable 7x24 EFT to be made, has been implemented.

New projects were also implemented on the hardware infrastructure of the core banking application Core Finans and the entire bank. Infrastructural compliance studies have been carried out regarding the BRSA regulations. Data Center server arrangements, consolidation, upgrades, storage system updates, Disaster Center capacity increases were made, and the security infrastructure was developed. Additional layers have been put into use in the attack prevention infrastructure. It continued its efforts to upgrade critical databases to current versions.

As part of the cold space closure efforts in Data Center Zones, air conditioning energy consumption was improved by 28.35%, reducing Bank's carbon footprint by 854.51 tons. Thanks to the energy savings of 873,732 kWh, a saving of TL1.14 mn was achieved.

The work to provide the Inhouse infrastructure service, which was outsourced before 2021, has been completed and 87% of the terminals operating in the Outsource infrastructure have been moved to the Inhouse VirtualPos infrastructure. As of December 2021, 94% of the transactions and 85% of the turnover that pass through the VirtualPOS pass through the Inhouse infrastructure, and the cost advantage provided over the Outsource infrastructure is approximately TL11 million.

Mobile devices (laptop, tablet) were provided to all employees, except for branch counters and call receiving units, in order to increase the flexibility of working mobile with the pandemic. 85% of Tablet and Laptop users work with a single device and 15% of them do remote Desktop.

Changes have been made by purchasing ink-jet printers instead of printers that have been printing toner in branches since 2019. In 2021, within the scope of sustainability studies, the changes were completed with an ink-jet printer that does not have a negative impact on both the environment and human health.

ATM Operations

As of the end of 2021, the size of the ATM network reached a total of 2,930 ATMs, including 2,010 off-site (off-site) and 920 branches. In total, in 2021, TL95.1 billion, USD140 million, EUR102 million deposit / TL57.6 billion, USD93.3 million, EUR24.7 million withdrawal transactions were realized from Bank ATMs.

In order to increase ATM functionality, in addition to enlarging the ATM network, coin units started to be extended to off-site ATMs along with branch ATMs.

With the Instant Delivery Card project, functionality has been improved and a pilot study for issuing cards to the customers from ATMs has begun.

With the Contactless Card Project (CCP), it is planned to completely reset the service interruptions caused by the card reader unit at ATMs. CCP development studies have started and will be implemented in 2022.

In the new ATM world, which has transformed into Single Tower ATMs, the Double Recycle Cassette (DRC) project has been started at the branches, breaking new ground in Turkey in order to fully use all existing clippings. DRCs are used in 202 branch ATMs without any problems, and the transitions will continue in 2022.

Again, it is aimed to switch to the Audit Cassette system, which will be used for the first time in the country, enabling the supply and automatic reconciliation of all cassettes with a single cassette. Although the studies continue, it is planned to be launched in 2022.

Istanbul General Banking Operations

Under the Article 20 of the Regulation on the Implementation of the Turkish Citizenship Law, we carried out the works for processing and following up the applications, made by foreign customers to be Turkish citizens under certain exceptions, by sending such applications to Financial Consumer Relations Department of Banking Regulation and Supervision Agency of Republic of Turkey and Investor Relations Department of the Debt Office of the Ministry of Treasury and Finance of Republic of Turkey (Istanbul Office) by means of KEP (Registered Electronic Mail). With consideration of application processes managed by means of KEP and customer transactions concluded faster, the expenses on mail and consumables have also reduced.

We participated in works carried out under the projects related to amendments in regulations and legal reporting processes.

Erzurum General Banking Operations

Since 2019 information and lien letters responses are sent as digitally to legal institutions. Digital response ratio was 80% in 2019, 95% in 2020 and increased to 99% in 2021.

Response letters are sent via KEP (Registered Electronic Mail). By the development operational losses and mistakes have been prevented and stationary expenses have been decreased.

RPA (Robotic Process Automation) has been used for Revenue Administration e-notice portal transactions. After the using RPA, foreclosure, execution and bankruptcy processes have been automated. Increasing workloads have been taken under control by the technological developments in 2021.

Foreign Trade and Loan Operations
FX project will continue in 2022. The projects, identified in 2021, related with improving customer satisfaction and end-to-end SLA (E2E-SLA) compliance are planned to be developed in 2022. Transfer of transactions not requiring expertise, to OSDEM will be completed in 2022. It is planned to develop new projects aiming to manage the works more efficiently from remote.

Business Development and Strategy
QNB Finansbank Office of Business Development and Strategy (FİGS) follows up on business processes and workloads for increase of efficiency of sales and operation processes, and of channel use; offer peer-to-peer or local solutions depending on strategies, changing needs and technological innovations; and carries out projects to realize such solutions for unique customer experience.

In 2021 regarding digital approval, initiated in previous years with integration of customer product sales, new products and orders were added to the range, resulting in digital approval for 96% of all retail banking products offered at branches and 90% of banking services became available. By adding new transactions like banking terms and agreement, e-signature request digital customer experience is improved. Among retail customers, the rate of digital approval at applicable documents was close to 95%. In the corporate section, with the new products and instructions included in the scope, 86% of all products and transactions have been made available for digital approval, and the digital approval rate has reached the level of 86%. In 2022, projects regarding digital approval of banking services provided at the branches will continue.

SME transformation projects were carried out in QNB Qatar and HBTF Jordan. Within the scope of these projects, field observations were made in the relevant countries. Also, employee workload measurements and process analyses were finalized. According to the results of the analyses, problems are determined and recommended solutions were shared with QNB and HBTF. It was ensured that the relevant business units agreed on the project plan and implementation process was followed up. In 2022, further studies on the projects will continue.

Deep learning algorithm studies have been carried out in order to process customer orders faster. The algorithm which is used for classifying the customer orders was improved and 90% of the documents classified automatically. An automated process of extracting relevant data from these orders with the help of Deep Learning algorithms was put in use for data entry on system.

Automation of new processes were achieved in RPA studies geared toward zero-mistake, faster and higher-quality service to customers. The determined new processes shall be further developed in 2022.

Within the scope of the Bancassurance Project, renovation works have been initiated to improve processes, infrastructure and services for the related elementary insurance products sold from branches and other sales channels. Relevant developments will continue in a planned manner in 2022.

In order the increase the efficiency of expertise operations, outsourced software was converted to the inhouse core banking software. Further development of outsourced POS infrastructure conversion to the inhouse system has been in progress.

During the year, works carried out on SME Banking Processes, Regions and promissory notes process in order to increase efficiency and service quality.

In 2021, the use of e-signatures was expanded in bank and some of the problems that could be caused by the remote working method were eliminated. In addition, work efficiency has been increased by saving time and paper.

Internal Chatbot Project was started to develop in order to enable Bank employees to access any necessary information, documents, guidance, and instructions via a single platform which are currently distributed over several platforms. In 2022, further studies on the project will continue.

Re-design of Instruction Tracking System was initiated to improve the user experience by merging the Instruction Tracking System and Document Management Systems in a single application and adding new functions. With the innovative design and easier usage, the transactions will be completed in a shorter time. In addition, efforts have been made to re-design “FinansYıldızı” platform, which enables corporate customers to securely manage their cash flows through a single portal. Within the scope of this study, it is aimed to be developed existing cash management modules and to improve the process of becoming a customer. These studies will continue in 2022.

In order to increase security of ID validation and the speed of the sales process in direct sales channel, we conduct a project for using Near-Field Communication (NFC) technology while authenticate. Moreover, in order to enhance security in identity verification and ease the processes in transactions performed at branches, the improvements have been initiated to enable biometric verification with an Identity Access Device (IAD/KEC) for smart national ID cards (chip cards) in updating mobile phone and unblocking sim card processes. Following the completion of these developments, it is aimed to apply biometric authentication in different processes as well.

In 2021, QNB Finansbank implemented various projects focusing on digitalization in order to improve customer experience and increase the share of digital channels in the sales.

The launch of the mobile branch, which stands out with its personalized contents and various product panels were renewed in line with a customer-oriented approach, was completed in 2021. Within the scope of the project, the mobile banking infrastructure and front-ends were completely renewed with current technology and design trends. The new mobile app stands out with its modular.

The home page of the mobile application is opened according to the products owned by the customers. There are warnings and reminders along with the information that customers need most on the boards on the main page. Transactions and details can be accessed from the dashboard or the bottom menu.

In the launch phase of the mobile revamp project, customer comments were closely followed, actions were taken based on the feedbacks. We have been in a continuous development in order to respond to the needs of Bank’s customers. Pre-login transactions have been arranged, access to transactions has been facilitated, the interface has been colored, credit card debts have been made clear, and bank buying/selling exchange rates have been displayed. The renovation continued this year as well.

Innovations in the QNB mobile application continue with the renewal of the most used transaction flows. Accordingly, money transfer and payment transactions have been examined. By looking at the past transactions of the customers, their access to the transactions that are thought to be done has been featured. By considering customer experience, these transactions were made available for pilot users with new functions and simplified menu steps. In the coming period, we aim to launch the renewed flows to the customers by following the improvement areas.

With the Easy Address System, personal information such as TR Identity Number, mobile phone number and e-mail address in the internet and mobile branches are matched with IBAN numbers to be used instead of IBAN. In addition, the 24/7 FAST EFT structure has been put into practice and opened to the use of Bank customers. With the new money transfer infrastructure launched in January, it is possible to transfer money 24 hours a day, 7 days a week, without the need for an IBAN or account number.

One of the new features offered to the customers in QNB Mobile is the implementation of mobile payments. Thanks to the QR payment function, Bank customers are able to make payments from all QNB Finansbank POS terminals which can receive payments with QR, even in the absence of their credit cards. Also, by NFC payment, Android users can make contactless transactions from any banks' POS terminals even if they do not have their cards with them. In 2022, the necessity to carry credit cards will be greatly reduced. We also add the creation of QR codes for account numbers, the sharing of the QR code and the ability to transfer money with QR code. In addition, studies have been completed for FAST EFT with QR code via POS and will be implemented in 2022.

With the chatbot positioned under the digital assistant Q in 2021, 18 million questions of customers were answered. During the year, by developing the natural language processing algorithm, it has been possible to provide comprehensive answers to more questions. For example, when customers asked Q why they were called by the call center, Q was able to answer this question. Similarly, answers on issues such as receipts, debt restructuring, and credit information were added to Q's knowledge. Transactions as getting passwords for credit or debit cards, opening/closing cards for internet shopping, and signing-in campaigns have been made into inbot-transactions that can be completed within the dialog box. In 2022, efforts will be continued to better understand what customers write and to improve their dialogue journeys.

Many innovations have been implemented to enable customers who frequently call the call center to use the digital assistant Q and QNB Mobil. An average of 60,000 customers out of 750,000 customers started to receive service from self-service channels instead of receiving voice service from the call center as a result of this implementation.

With the QR code positioned on the ATM main screen in line with the digitalization efforts and the requirements of the pandemic, customers were enabled to withdraw money with QR without touching the ATMs. The rate of those who used QR codes to withdraw money increased to 12% in 2021. Furthermore, we continued to renew Bank's ATM user interfaces and 88% of all transactions are made from the renewed interfaces. We will continue to increase the number of the ATMs and transaction diversity in line with the needs of the customers.

With the BRSA and MASAK regulations that came into force on 1 May 2021, individuals were allowed to become customers without having to visit the bank service point. The bank implemented this process in order to deliver customer satisfaction in parallel with the regulations, which has become an indispensable need especially during the pandemic period. With the Video Call infrastructure implemented, both customer acquisition and the completion or updating of information deficiencies of existing customers were ensured.

Direct Banking

In line with QNB Finansbank's strategic digitalization objectives, efforts towards the growth of direct banking channels (mobile banking, online banking and ATM) continued in 2021. In order to increase number of channel users, boost customer satisfaction, reduce workload and service costs in branches, new channel services were launched in cooperation with relevant business units throughout the year.

The number of ATMs reached 2,930 units with 2,010 ATMs at non-branch locations and 920 ATMs at branches by the end of 2021. QNB Finansbank customers have the opportunity to make free transactions at nearly 7,650 ATMs with the project offering shared use of ATM platforms, launched together with DenizBank and TEB in 2019. QNB Finansbank customers can withdraw, deposit money or pay credit cards; free of charge for up to three transactions at the ATMs of the other member banks.

In addition to expanding the ATM network, functionality has been improved with various projects such as coin dispenser and instant card delivery, resulting a wider range of functionalities for the customers. In 2021, ATM park renewal efforts continued, and the ratio of recyclable ATM devices increased by 13% compared to the previous year and reached to 100% at the end of the year.

Call Center and Tele Sales

QNB Finansbank Telephone Banking Department continued to provide fast, accessible and solution-oriented services to customers at first contact. QNB Finansbank Telephone Banking Department, with over 1,000 qualified employees in Erzurum, Istanbul Umraniye and Kristal Tower locations, received 23.9 million voice calls and 3.4 million chat calls in 2021. 60% of voice calls ended in Interactive Voice Response (IVR).

QNB Finansbank Call Center and Tele Sales Departments offered a wide range of products in line with both internal and external customer preference and expectations. 10 million outbound calls were made during the year, aiming to promote and sell products and services.

With speech analytics made via Call Steering (steering with voice in IVR) technology, variety of operations in IVR were increased and faster and more comfortable service was provided to customers. Efforts continue to increase customer satisfaction with Speech Analytics technology as well.

During the pandemic period, which continued in 2021, Bank's customers were able to reach QNB Finansbank customer advisors quickly and easily, with an uninterrupted service focus. The service network has been expanded with English and Arabic language options. In addition, with the video call processes started in May 2021, the teams receive calls and guide for those who want to be a customer of QNB Finansbank.

SME Cloud team and OBI Branch Marketing Support team, which serve SME Banking customers via telephone, made over 1.8 million calls in 2021, including calls from corporate customers to branches. They met customer demands for a wide range of products and services during these calls.

Customer Solution Center

The Customer Solution Center ensures that the processes starting with recording the claims, complaints and objections of customers, which could not be met at first contact, up to being resolved and informed to the customers, are realized within the framework of identified quality standards.

In the process of incident solution, the potential of the same problem being experienced by other customers is evaluated, root causes, if any, creating the problem are identified, and necessary follow-up and coordination is provided until corrective actions with regard thereto are identified and implemented. In 2021, nearly 100 corrective actions were implemented successfully. Improving customer satisfaction and service quality has absolute priority. For the incidents, realized that they could be met at first contact, necessary feedback and support are given to the front offices. By means of the analysis, flow changes and developments determined to improve the meeting ratio at first contact are ensured to be implemented.

Human Resources

Human Resources Policies

Being conscious that most valuable asset is the human resource, QNB Finansbank shaped its human resources policy with the principle of placing humanitarian values on its core for all the employees to ensure a sustainable development and improve the performance by acquiring new talents, developing and retaining them. In the light of Servant Leadership and Appreciative Leadership, 2021 was a year when health remained to be a priority especially for Human Resources: Relevant processes were managed with all related teams jointly, and great effort was paid in order to maintain the culture and engagement. Among the main “leadership” principles, trust, compassion, persistence and hope were adopted in a sincere way, and we will continue to sustain them.

Measures and processes taken in action for health of QNB Finansbank employees, their families and customers remained in place, and sustainability of operations was achieved thanks to remote/office work models. Practices of Human Resources reached to employees via online platforms with details as follows: Rituals as to working from home period, Open Door meetings (Açık Kapı) designed to maintain the culture, offering learning programs to employees on various remote platforms, online internship programs, online manager candidate assessment center programs were some of the major practices.

Processes of Human Resources, planning and recruitment, performance management, talent management, engagement and rewarding and digitalization have become even more important in 2021. In the upcoming period, human-oriented approach will be at the forefront. Different working methods and processes, maintaining the culture, accessing and retaining talent will become more of importance. Focusing on competencies such as adaptation skill, navigating through uncertainty, agility, effective decision-making, openness for self-development, learning agility will be required more than before.

To this end, QNB Finansbank Human Resources practices focus on the below-mentioned subjects:

Human Resources Planning and Recruitment:

Carrying out the management of the brand as an employer and management of labor force in parallel with the needs of the Bank, and supporting the recruitment process through analysis and business development projects with the purpose of being an employer of choice and attracting skilled people to work in the Bank;

Performance Management;

Transforming success for being assessed through solid and measurable criteria by serving for performance increase of the Bank in line with individual performances of the employees, and creating engaged employee climate with a fair and transparent system;

Talent Management:

Identifying potential of current human capital for future, putting certain plans into action to feed the pipeline internally through current employees for managerial positions, and creating different projects to shape Career Paths of our employees;

Engagement and Rewarding:

Developing policies for enhancing employee engagement, and thus increasing their share and contribution in success of the Bank in achieving its targets;

Employer Brand Management and Recruitment

With workforce composed of 85% fresh graduates, QNB Finansbank conducts analysis on career choices of university students; and it organizes activities in universities and social media in the light of the results.

Young people are supported to step in their dreams with the help of Finans Up Career Club, Career, Finans Pro, Audit Pro and Finans 101 brands. Selected as The Most Popular Career Club by university students in Most Popular Companies Survey of 2021 and becoming the first practice that brings Global Business Excellence Award to Turkey in 2013, Finans Up Career Club has a distinctive feature: the ability of helping students and professionals from Finans Up Society ask for consultancy in both their professional and social lives by means of Up Society Process for Alumni. In addition to Finans Up Career Club, projects are carried out for raising awareness of university students in their career path with Career “I Know What I Don’t Want”, opportunities of internship are offered for the students who want to gain experience in branch management with Finans 101 and in Head Office with Finans Pro; and opportunities of employment are also offered for the students who want to set off in audit field with Audit Pro. All talent acquisition programs were re-designed to be compatible with digital environment along with the pandemic. All learning programs and events of Finans Up and Career were held on online platforms, and hybrid model was employed in both programs during 2021. While Internship program that provides support to Finans Pro Head Office employees on 3 days a week continued, monthly project interns were recruited for Head Office employees with Finans Pro VIP brand. Finans 101 Program was transformed into a 2-week program intended for all universities. Besides, we continued to attend and sponsor online summits that were held by universities and institutions. Additionally, Days @ QNB Finansbank event enabled both managers and MTs to describe the Bank’s units to the students.

Performance Management

Performance management process in QNB Finansbank is a managerial means to encourage development with an everlasting feedback culture and to guide Financiers for increasing their performance and making it sustainable, and to develop themselves personally in addition to increasing corporate performance through individual performance development. The semi-annual performance reviews are used in order to:

- Determine the employees with potential to achieve targets of the Bank, create difference with their performance and affect the performance of the Bank;
- Calculate technical performance results per employee by means of targets of business lines and departments set in line with the Bank’s targets; and to find the development performance results by evaluation to determine areas of development of employees;
- Assess strengths and areas of development individually for each employee with customized performance model applied for all the Financiers. Individual development needs are determined with consideration of such areas; and
- A map is created with the purpose of determining and following up the actions pertaining to areas of development.

Results are transparently shared with the Financiers. Individual performance is evaluated with concrete and measurable criteria in order to increase employee engagement through a fair and transparent system.

Talent Management

Within the scope of the practices of QNB Finansbank Talent Management,

- We evaluate potentials for identifying current manager and manager candidates for whom the Bank should invest in. With potential evaluation process, we pay effort to identify and raise awareness on what our employees need in their career path, and we aim to train banking leaders of future internally.
- With assessment center practices employed in QNB Finansbank, we contribute in cultivation of leadership value, and thus, we internally address most of the Bank's need for executive positions by creating a managerial brand for the Bank and by ensuring that candidates fitting to managerial roles are elected in a transparent, measurable, rational and systematic fashion.
- Besides, we plan to develop new projects and work to this end in order to make sure that employees are aware of their capabilities, shape their "Career Path", help them adopt in changing work environment, and thus offer them new opportunities.

Employee Engagement

The employee engagement survey exclusive for QNB Finansbank has been conducted every year since 2007 with the purpose of evaluating effects of the satisfaction factors which shapes employee engagement. Survey results are examined per division, relevant analyses are made and actions are exclusively identified for each division with the participation of top management. In addition to general engagement survey, we have started to conduct pulse surveys to appraise employee experience.

Career and Talent Management

Aiming to train the managers internally and enabling each Financier to lead his/her own career path, QNB Finansbank gives its employees this chance through "Career Architecture" and "Career Bulletin", and it performs one-to-one interviews concerning career objectives of the employees through "Career Consulting". Within scope of "Development Architecture" regarding the internal selection of Branch Managers; first, practice of measurement-assessment center and then personal development programs were applied.

Learning and Development Management and Organizational Development

QNB Finansbank takes its employees to a development process to last during their path of career right from their first steps into banking sector. Employees who are recently employed or reassigned attend to certificate programs which are integrated with the career management and performance management systems. In line with the Bank's strategies, learning programs in project form are designed per segment for current employees; objective here is to contribute to performance improvement of our employees.

All development journeys took place in online platforms in line with the conditions of the period in 2021 and they were designed in accordance with the needs by adoption of special strategies for the Bank and segment by employing blended learning approach.

In consideration of what brought by the pandemic, priorities in annual development agenda were revised with the aim of helping employees adopt easily; and to this end, adaptation and brief works as to the pandemic became first concerns. We aimed to empower employees to be more resilient and motivated by means of spiritual, mental and physical activities and practices. Back then, development programs consisted of topics mostly focused on finance, such as sales and risk. In this new period, as a priority, we attached great importance to learning and development programs for personal development, resilience, navigation of change, crisis management, current economy, remote work, and remote leadership. In 2021, 2,211 learning programs were planned in various subjects such as personal development and leadership development, banking, economy and finance, sales&marketing, product, audit, loan analysis and risk management.

The learning programs planned for 2021 arranged to be held by remote access methods such as virtual classes, video e-learning, e-book by adopting blended learning approach as our focus. Blended learning approach aims that participants experience different learning methods such as webinar, dramatization, simulation and virtual classes. Thus, participants reinforce the provided information and that information is permanent for extended period of time. In addition, it has been decided to transfer the Learning Management System used in the Bank to cloud media for advancing system features, and relevant work will be carried out during 2022, as well. All interfaces in the system will be redesigned by considering user experience. We were able to produce in-house learning and instruction videos with the studio founded in the Bank in August 2021.

Designed exclusively for branch employees to follow methods identified for customer relations, sales, credit and risk managements in on-site teams, "Finansçı 360" learning programs were revised and refreshed in 2021 in a tailor-made concept for strengths, needs, skills, areas of interest, and segments of our Financiers. The main objective of the program is "to design best tailor-made development programs and match the personalized content with the user, depending on the amount and content of the information needed".

To identify such needs, what was done different from the past year was to employ three development structures, which are namely consumer and manager assessment, technical evaluation and mobile simulation.

In addition to sales and risk modules designed exclusively for various segments and customers, we employed follow-up module sessions, which enabled reinforcement of the technical knowledge learned in these sessions with the help of one-to-one practices with lecturers.

For online learning programs of 2021, we started Digital Learning Centers in our Branches and Kristal Kule so as to help Financiers participate in and get maximum productivity of such programs by complying with the measures taken on health concerns. The learning centers which our Financiers can exploit in person are designed as isolated structures which locate close to working environment with all technical equipment and needs addressed. 3 in branches and 2 in Kristal Kule, overall 5 pilot Digital Learning Centers were taken alive.

In 2021, we started DigiLearn Development Journey for the purpose of enhancing digital literacy among Financiers. Within the scope of "DigiLearn Development Journey" taken alive in February, digital terms package was published in the first place, and on the following months, Financiers were provided with articles, videos, podcasts, webinars and learning sets arranged with other employees, which all cover a different field of digitalization selected exclusively. Besides, we hosted specialists, each reputable professional in one's field, in the webcasts every month.

DigiLearn Development Journey was shared with 6 corporate and 26 commercial customers as pilot, in addition to our Financiers; the aim here was to nourish our customers with technological advancements. For DigiLearn Development Journey, 12 different topics on technology was shared, more than 500 contents were arranged, 6 webcasts were hosted with professionals, and 7 videos were taken.

Ongoing learning and development programs were supported with new practices and new programs in order to contribute in performance improvement of employees, identify areas of development with a proactive approach and design the learning tools for addressing such needs. With the support from international and domestic learning consultants, universities, internal and external lecturers, who are experts in their fields; we provided all Financiers with programs that were compatible to our age and lead the way to leadership in the sector.

Average period of learning programs provided during the year of 2021 per employee was 7.59 days, whereas the ratio of attendance was 99%.

Focusing on everlasting development adaptation to change, resilience, and employee care, servant leadership, remote leadership, coaching leadership skills have become the hot topics of our day. Employees serving with manager and higher titles in Head Offices completed 4 modules of Remote and Servant Leadership Programs which were one of the points to focus in 2021.

Leadership programs were provided with Manage Yourself and Your Relations, Manage Your Team and Manage Your Work modules, with consideration of new leadership skills. Considering the above, learning programs tailored for executives assigned in Head Office with titles higher than manager were taken alive.

In addition, Head Office Assessment Center Development Program was completed with participation of 75 employees of 4 groups. Various learning programs were designed and completed successfully, including team leader assigned, close to the profile, not close to the profile.

With the intention of taking potentials of Financiers one step further, "Coaching and Mentoring Center" was established, and 240 employees involved in the process. 16 external and 12 internal coaches provided coaching services for 500 sessions, and helped as mentors for 45 sessions. For promoting coaching and mentoring culture, we planned Leader as a coach skills program. Managers and higher titles attended to these programs with the aim of improving coaching skills of our leaders and being in charge of developments of their subordinates.

253 employees became a member of Cambly in a structure, which enabled to practice English, plan their time to learn on will, and select any suitable lecturer.

Branch Manager Candidates and Assigned Branch Manager Development Programs also continued. Learning programs also maintained to be held for employees assigned as managers within the scope of Assigned Regional Sales Managers Program. Planned as a leadership program for region manager candidates, Advanced Leadership Development Program was completed by the participants of 2019; and new learning programs of another 12 were put into practice and will continue in 2022.

We also had 8 meetings with executives under Leaders Club, which was created for reaching out executives through visionary talks.

Remuneration Management

Objective of remuneration management in QNB Finansbank is to acquire new talents and enhance employee engagement, satisfaction, motivation and synergy in the Bank. To this end, the Bank applies a fair and transparent remuneration methodology, which is compliant to ethical values and internal balances, and which maintains the level of competition. Preventing excessive risk-taking with an emphasis on individual and holistic performance, remuneration models were adopted in parallel with the value added. Thus, the strategic targets of the Bank were supported and productivity was enhanced. Within scope of the Bank's premium and bonus models, each employee received a bonus in 2021, amounting to approximately two salaries depending on their performance. In addition to remuneration and recognition management, employees are provided with many benefits in various fields such as healthcare, leave of absence, transportation, meal, communication and technological opportunities, allowance packages and employee support services.

Engagement

In 2021, 13,210 employees of QNB Finansbank met up in 259 activities organized in various online platforms by HR Engagement Unit, which helps the Financiers keep the balance between their professional and private lives, and aims to increase motivation by contributing to employee engagement and satisfaction as well as the privileged feeling of becoming a Financier. In addition to these activities, discount agreements were signed with 150 companies during the year and Financiers were provided with advantages in shopping.

Functioning as another structure where employees can be recognized, “Thank You” platform received 1,183 thanks during 2021, and overall entry number has reached up to 17,300. By thanking to each other and showing their appreciation, employees motive each other and create synergy. “+1 Rewards” also granted to eligible employees in 2021, within the scope of Appreciation and Recognition Program. Development, Customer Satisfaction, and Pandemic Special Awards were given to 41 Financiers.

For celebrating employees’ respect and commitment to the Bank as well as their selfless efforts, Employee Engagement organizes seniority awards ceremony each year. These awards were given to 542 employees who completed their 15th, 20th, 25th and 30th years in QNB Finansbank Family with “Oscar Academy Rewards” concept on 8 December with dear participation of top management. Engagement Unit sends the plaques and badges of employees who complete their 5th and 10th years, and in these terms, plaques and badges of 897 employees were delivered to their work places/homes this year.

Legal Counsel

The divisional structure of Legal Counsel consists of Consulting, Litigation and Secretariat to the Board of Directors.

Consulting Division is comprised of two departments namely: Consumer Banking and Payment Systems Consultancy and Corporate, Commercial Banking and Project Finance Consultancy and it is organized as four separate units, which are responsible for consumer banking, payment systems, corporate and commercial banking and project finance and competition law.

Consultancy teams provide legal opinion and analysis on all transactions, processes, new products, projects and campaigns with respect to the Bank, prepare internal regulations, guidelines and procedures on legally relevant matters. They prepare agreements, finance documents, amend the agreements in accordance with the regulatory changes and carry out the negotiation process for these in conformity with the Bank's needs. The legal support that headquarter units and branches require in daily workflow is provided by the Consulting Division via the Legal Request System. Additionally, Consulting teams represent the Bank before public institutions and professional associations and contribute to the sector-specific regulations.

Litigation Division consists of four units organized under; Penal Lawsuits, Labour and Intellectual Property Lawsuits, Consumer and Administrative Lawsuits and Ankara Region. The Division represents the Bank in entire lawsuits and enforcement proceedings brought by the Bank or against the Bank, excluding the disputes arising from non-performing loans, as well as investigations by prosecution office, cooperates with other units of the Bank to work on matters of any potential litigation, follows criminal complaints and lawsuits filed by the Bank or against the Bank, guides external lawyers so as to ensure that cases are followed across the country and represents the Bank before authorized public institutions and professional associations.

The Secretariat of the Board of Directors is tasked to organize the meetings of the Board of Directors and the meetings of the General Assembly, make material events disclosure as per the Communiqué on Material Events and Internal Procedures of the Bank on Public Disclosure of Material Events and attend to all procedures regarding corporate governance.

Along with the effects of the outbreak of the pandemic and the regulatory changes accelerated by it, works have been aligned with the current circumstances conducted by the Legal Counsel.

Subsidiaries and Affiliates

Cigna Health, Life and Pension (Cigna Sağlık Hayat ve Emeklilik A.Ş.)

Cigna Health, Life and Pension, a private pension and life insurance company, was established in 2007 as a 99.9% subsidiary of QNB Finansbank with the title Finans Emeklilik ve Hayat A.Ş.. In 2012, Cigna, one of the world's leading health and life insurance companies, entered into a partnership agreement with QNB Finansbank A.Ş. to expand its operations in Turkey and the merger of Cigna and Finans Emeklilik became official.

At the extraordinary general assembly meeting on 15.10.2020, it was decided to change its commercial and business names: The commercial name was changed from "Cigna Finans Emeklilik ve Hayat A.Ş." to "Cigna Sağlık Hayat ve Emeklilik A.Ş.", and the business name was changed from "Cigna Finans" to "Cigna". This decision was registered at Istanbul Chamber of Commerce on 22.10.2020 and was published in the Turkey Trade Registry Gazette on 22.10.2020.

Cigna, growing stronger through the merger, and with its global experience, wide service network and innovative products and solutions that go beyond insurance, has taken the offering of a better quality of life to its customers as a mission. Cigna achieved, 5.65% market share in the life insurance through a premium production of TL1 billion, 3.68% market share in the personal accident through a premium production of TL89.8 million and 0.11% market share in the health insurance through a premium production of TL14.1 million, according to data announced by the Insurance Association of Turkey (TSB) in December 2021. As a result, Cigna grew by 19.73% in life, health and personal accident insurance combined.

According to official data announced by the Pension Monitoring Center published on 31.12.2021, funds of pension participants grew by 20.51% compared to 2020 year-end, reaching TL1 billion 146 million in total net asset value.

QNB Finansleasing (QNB Finans Finansal Kiralama A.Ş.)

QNB Finansleasing is one of the first established companies in the leasing sector. Since its establishment in 1990, QNB Finansleasing has been playing an active role in financing investments. As one of the leading companies in the sector it has always followed a customer-oriented strategy, and developed tailor-made financing models. Having a widespread branch network across Anatolia, enabling it to analyze the needs of its clients on-site, QNB Finansleasing operates through a network of 14 branches, 1 being in the Free Trade Zone.

In 2021, leasing sector generated USD3,990 million new business volume, and QNB Finansleasing's share reached 11.7% with USD468 million. As leasing receivables amounted to TL10,217 million as of 31 December 2021, QNB Finansleasing's market share in terms of leasing receivables realized at 12.3%. QNB Finansleasing ranked third in the sector both in terms of leasing receivables and total assets. In 2021, QNB Finansleasing continued to finance business in textile, manufacturing, construction, chemistry and energy industries, as well as to undertake sale and lease back transactions.

QNB Finansleasing has prioritized sustainable business models and practices in its financing decisions, and has allocated EUR100 mn facility obtained from FMO in the last quarter of 2021 to the financing of SMEs and renewable energy projects, continuing its support to sustainable development.

QNB Finansfactoring (QNB Finans Faktoring A.Ş.)

QNB Finansfactoring has been operating since October 2009 through its Head Office in Istanbul, 17 branches across Turkey and digital channels.

QNB Finansfactoring, wholly-owned subsidiary of QNB Finansbank, aims to offer its customers effortless, fast and up-to-date financing solutions with its focused structure on continuous improvement. For this purpose, it develops new products and carries its technological infrastructure forward day by day.

At the end of 2021, the Company's turnover reached to TL11 billion and factoring receivables amounted to TL3.7 billion.

QNB Finansfactoring aims to strengthen its already robust balance sheet structure with wide spreading risk management and to rank among the top three private companies in the sector.

The most important strategic goal of QNB Finansfactoring is to increase SME customers' share in its balance sheet. Within this framework, QNB Finansfactoring has developed its model that enables it to evaluate the clients through the scoring system, and implemented mobile, WEB applications and made all its operational processes suitable for these developments.

One of the most important developments in 2021 was to create a Direct Sales team for SMEs by expanding the organizational structure. The team's focus is to increase the number of SME customers and to facilitate their access to fast financing. In 2022, QNB Finansfactoring will continue to make a difference and continue to grow in the sector with its qualified and expert staff.

QNB Finansinvest (QNB Finans Yatırım Menkul Değerler A.Ş.)

QNB Finansinvest has left behind 25 years in which it has achieved customer satisfaction in every area and achieved many successes in the sector. It has become one of the leading companies in the sector by breaking new grounds in many areas.

QNB Finansinvest Retail and Wealth Management operates 14 branches in 12 cities across Turkey with its specialized and experienced staff, in addition to QNB Finansbank branches, internet banking and mobile application. As a full-fledged company, QNB Finansinvest offers a vast range of products such as fixed income instruments, mutual funds, equities, derivative transactions and options markets, international markets, and leveraged purchase/sales transactions while also providing financial solutions and investment advisory services complying with the risk understanding of its investors. By 2021, it offers equity advice with the "Akıllı Robo" application, which makes life easier for individual investors when choosing equities and uses artificial intelligence technology.

QNB Finansinvest Institutional Sales offers brokerage and research services for customers who perform transactions involving corporate sales, international brokerage institutions, domestic and foreign funds as well as algorithmic/high frequency transactions. QNB Finansinvest is one of the leading institutions in the sector in algorithmic/high frequency transactions.

QNB Finansinvest Investment Banking, acquisition and merger consultancy, primary and secondary public offerings and issue of borrowing tools. With Halkbank's secondary public offering, QNB Finansinvest acted as the consortium leader in the largest public offering in the history of the Turkish Capital Markets, and acted as an intermediary in 145 public offerings and a leader and co-leader in 62 public offerings.

QNB Finansinvest is the first company to introduce exchange traded funds to the sector. Since 2014, it has also been providing fund operation services to portfolio management companies in accordance with the CMB legislation and other legal regulations. It also provides portfolio custody services of general custody and collective investment institutions as a broadly authorized intermediary institution.

QNB Finansinvest has been rated in the investment grade category at the national and international level by the international credit rating agency JCR Eurasia Rating, and its long-term credit rating has been affirmed at AAA+.

QNB Finansinvest renewed its digital channels in the post-Covid-19 period when digitalization has accelerated, allowing its customers to perform all their investment transactions more quickly and securely. Having implemented industry-leading technological projects such as Data Warehouse, Chatbot and IVR, QNB Finansinvest carries out non-personal, fast and error-free operational processes with Robotic Process Automation.

QNB Finansinvest owns 100% of QNB Finans Varlık Kiralama A.Ş., founded with a capital of TL200,000. As at 2021 year-end, QNB Finansinvest has paid-in capital of TL200 million, consolidated assets' of TL1.07 billion, consolidated shareholders' equity of TL543 million. In 2021, it recorded a 4% increase in its net profit on a year-on-year basis.

It ranked 10th in BIST Istanbul A.Ş.'s trading volume with a market share of 3.62%, and 3rd in VIOP transaction volume with a market share of 6.04%.

QNB Finans Asset Management (QNB Finans Portföy Yönetimi A.Ş.)

QNB Finans Asset Management was founded in September 2000 with QNB Finansbank being its main shareholder with a 88.89% stake. Under the new legislation and compliant to the authorization dated April 17, 2015 of the Capital Markets Board, QNB Finans Asset Management was re-established as an asset management company, which has a paid-in capital of TL45 million.

In 2021, QNB Finans Asset Management played a leading role in the sector by managing 4 exchange traded funds (ETF), 13 mutual funds, 15 hedge funds, 1 venture capital mutual fund, 23 pension funds and private portfolios of high-income individuals and companies.

QNB Finans Asset Management launched Technology Fund of Funds and Clean Energy and Water Fund of Funds in 2021 to provide investments in wide range themes. QNB Finans Asset Management also launched a new artificial intelligence portfolio assessment modal-based fund of funds which is a first in Turkey.

QNB Finans Asset Management also established its private hedge funds in order to meet the needs of high-income investors in 2021. QNB Finans Asset Management held a mutual fund market share of 4.32% as at the year-end 2021, by maintaining the stability of its AUM. QNB Finans Asset Management achieved a profit of TL23.4 million in 2021 with its assets under management of TL14.7 billion.

QNB eFinans (QNB eFinans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.)

QNB eFinans, established in 2013 to integrate e-Invoice into the financial sector, is a wholly-owned subsidiary of QNB Finansbank.

QNB eFinans has all the necessary licenses to serve in e-Invoice, e-Ledger, e-Archive Invoice, e-Waybill, Registered Electronic Mail (REM), POS e-Invoice, e-Currency Purchase-Sale Document, e-Self-Employment Receipt and e-Producer Receipt products and services along with tied-in value-added products and services. Continuing its steady growth since its establishment, QNB eFinans increased the number of customers by 23% on a year-on-year basis to 2021 year-end, serving more than 80,000 companies with more than 270,000 products. By the integration of renewed and expanding e-Transformation applications into the financial sector, QNB eFinans has transformed into a fintech company.

With its ERP independent structure, QNB eFinans is compatible with over 350 different local & international of ERP & Accounting software houses.

QNB eFinans provides uninterrupted service with its remote connection business model using digital technologies. A full end-to-end customer experience is offered via all digital channels with a digital assistant and live support.

In 2020, QNB eFinans was awarded in the category of Technology Partner of the Year in International Stevie Awards for Customer Service Solutions. In addition, CIO Applications Europe, published in the Silicon Valley, has recognized QNB eFinans as one of the top 10 e-Invoice solution providers in the last three consecutive years (2019-2020-2021).

QNB eFinans digitalized the documentation and sending processes of financial statements to banks with the "e-Ledger Financial Analysis" in cooperation with QNB Finansbank. In addition, QNB Finansbank continues to provide its customers with eCredit, an alternative finance tool based on e-Invoice collateralization thanks to its integration with QNB eFinans.

With Finance Star, a cloud-based application of QNB Finansbank, created and serviced by QNB eFinans, the Bank's Direct Debiting Systems (DDS), Supplier Finance (SF) transactions and payment transactions of businesses are integrated into QNB eFinans infrastructure, hence enabling QNB Finansbank to provide cash management options to its customers.

QNB eFinans is the largest solution partner in the Digital Bridge Project commissioned by QNB Finansbank in 2019. Developed by QNB eFinans, Neovade product has been launched to meet funding needs of companies and offer an alternative solution on the Digital Bridge Platform, ultimately serving SMEs with their e-Transformation needs.

IBTech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş.

IBTech was established in 2005 and is located in İstanbul. IBTech's focus is to provide software design and enhancement, such as Core Banking (Core Finans), credit cards and internet banking, and to develop applications for the use of the Group. As of 31 December, 2021, the total assets of IBTech reached TL83.2 million.

Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.

Established in 2009, Bantaş is owned by QNB Finansbank A.Ş., Denizbank A.Ş. and Türk Ekonomi Bankası A.Ş., each shareholder owning a 33.33% stake. Bantaş securely carries assets between branches and cash centers and gives ATM cash support. As of 31 December, 2021, the Company's total assets were TL211.6 million and net profit was TL27.5 million.

Corporate Governance

Committees under the Board of Directors

Audit Committee

On behalf of the Board of Directors, the Audit Committee is responsible for monitoring the effectiveness, efficiency and adequacy of the internal systems of the Bank, functioning of these systems together with the accounting and reporting systems in accordance with law and applicable regulations and the integrity and reliability of the information generated by these systems. The Committee is also responsible for making necessary preliminary evaluations required for the selection of the independent auditors and rating, valuation and support service institutions by the Board of Directors; regularly monitoring the activities of the institutions selected and contracted; ensuring that the internal audit activities of subsidiaries subject to consolidation are carried out on a consolidated basis and in coordination with internal audit activities of the Bank.

Members of the Audit Committee are as follows:

- Ali Teoman Kerman: Member of the Board of Directors (Chairperson of the Committee)
- Ramzi T. A. Mari: Member of the Board of Directors
- Durmuş Ali Kuzu: Member of the Board of Directors
- Noor Mohd Al-Naimi: Member of the Board of Directors

Risk Committee

The Risk Committee is responsible for defining the Bank's risk management policies and strategies, reviewing all types of risks that the Bank is exposed to, monitoring the implementation of risk management strategies and bringing important risk related issues to the attention of the Board.

Members of the Risk Committee are as follows:

- Mehmet Ömer A. Aras: Chairperson of the Board of Directors
- Sinan Şahinbaş: Vice Chairperson of the Board of Directors
- Fatma Abdulla S.S. Al-Suwaidi: Member of the Board of Directors
- Adel Ali M. A. Al-Malki: Member of the Board of Directors
- Ali Teoman Kerman: Member of the Board of Directors and Chairperson of the Audit Committee

Credit Committee

The Credit Committee, within the scope of authorization granted by the Board of Directors as per the Banking Law numbered 5411, is responsible for evaluating and approving the loans and ensuring efficient credit risk management in accordance with the prevailing legislations.

Members of the Credit Committee are as follows:

- Mehmet Ömer A. Aras: Chairperson of the Board of Directors
- Sinan Şahinbaş: Vice Chairperson of the Board of Directors
- Fatma Abdulla S.S. Al-Suwaidi: Member of the Board of Directors
- Yousef Mahmoud H. N. Al-Neama: Member of the Board of Directors
- Temel Güzeloğlu (*): General Manager and Member of the Board of Directors
- Alternate Members: Osman Reha Yolalan & Noor Mohd Al-Naimi

(*) After appointment of Osman Ömür Tan as the new General Manager of the Bank effective as of 1 January 2022, Tan took over the duty of Temel Güzeloğlu, who had served in the Credit Committee due to his duty as the General Manager of the Bank.

Corporate Governance Committee

Corporate Governance Committee is responsible for attaining best practice standards of corporate governance, monitoring the bank's compliance with corporate governance principles set by Banking Law and capital markets legislation, ensuring that the Board of Directors composition, structure, working principles and procedures meet all relevant and regulatory requirements. The Bank has not established a separate Nomination Committee, and Corporate Governance Committee fulfills the duties of the Nomination Committee as per Article 4.5.1. of the CMB Communique on Corporate Governance (II.17.1).

Members of the Corporate Governance Committee are as follows:

- Ramzi T.A. Mari: Member of the Board of Directors (Chairperson of the Committee)
- Sinan Şahinbaş: Vice Chairperson of the Board of Directors
- Ali Teoman Kerman: Member of the Board of Directors and Chairperson of the Audit Committee
- Osman Reha Yolalan: Member of the Board of Directors
- Burcu Günhar: Investor Relations Manager

Remuneration Committee

The Remuneration Committee was established in order to define remuneration and incentive policies of all employees including Board members and senior management and to advise the Board of Directors on such matters in order to comply with the Bank's ethical values, implementations and targets.

Members of the Remuneration Committee are as follows:

- Sinan Şahinbaş: Vice Chairperson of the Board of Directors
- Yousef Mahmoud H. N. Al-Neama: Member of the Board of Directors

Other Committees in the Bank

Business Loans Management Risk Committee

The primary purposes of the Business Loans Management Risk Committee of QNB Finansbank are effective management, risk monitoring and steering of activities of the Bank, as well as reviewing strategy and activity proposals for all business loans, i.e. micro, SME, agriculture, commercial and corporate portfolios. Members of the Corporate Credit Policies Committee are as follows:

- CEO
- Executive Vice President of Retail and SME Credits
- Executive Vice President of Retail and SME Banking
- Executive Vice President of Corporate and Commercial Credits
- Executive Vice President of Corporate and Commercial Banking
- Executive Vice President of Commercial Banking and Project Finance

Retail Loans Management Risk Committee

The primary purposes of the Retail Loans Management Risk Committee of QNB Finansbank are effective management, risk monitoring and steering of activities of the Bank, as well as reviewing strategy and activity proposals for all retail loans, i.e. credit cards, general purpose loans, mortgage and overdraft portfolios. Members of the Retail Credit Management and Policies Committee are as follows:

- CEO
- Executive Vice President of Retail and SME Credits
- Executive Vice President of Retail and SME Banking
- Executive Vice President of Payment Systems
- Executive Vice President of Retail Banking
- Executive Vice President of Enpara.com

Operational Risk Management Committee

The Operational Risk Management Committee is responsible for determining operational risk policies, reviewing and discussing operational risk issues of the Bank, and ensuring to minimize them by action planning. Members of the Operational Risk Management Committee are as follows:

- Head of Risk Management
- Head of Internal Control and Compliance
- Executive Vice President of IT, Operations, Channels and Business Development
- Executive Vice President of Payment Systems
- IBTech Information Security Director (CISO)
- Executive Vice President of Corporate and Commercial Banking
- Operational Risk and Business Continuity Division Manager

Reputational Risk Management Committee

Reputational Risk Management Committee was established in order to manage reputational risk of the Bank; to adopt and implement related policies on reputational risk within the scope of the BRSA regulations. Committee members are as follows:

- Chief Legal Officer
- Compliance Division Manager
- HR Management Systems Income Management, Compensation and System Authorization Division Manager
- Communications and Customer Experience Director
- Customer Experience Management Division Manager
- Customer Solutions Center Division Manager
- Enpara.com Digital Banking Director
- Investor Relations Manager
- Operational Risk and Business Continuity Division Manager

Asset and Liability Committee

The primary purpose of Asset and Liability Committee is to monitor and manage the balance sheet structure and structural asset liability mismatch of the Bank, as well as to monitor, control and manage the liquidity risk within the limits set by the Board of Directors. The Committee evaluates monthly reports submitted by Risk Management and determines critical issues regarding risk. Members of the Asset and Liability Committee are as follows:

- Chairperson of the Board of Directors
- Vice Chairperson of the Board of Directors
- CEO
- Executive Vice President, Financial Control and Planning
- Executive Vice President, Treasury
- Asset Liability Management Division Manager

Sustainability Committee

The Sustainability Committee was established to provide adequate, effective and strategic oversight for the Bank's overall sustainability initiatives, to monitor sustainability performance of the Bank and to provide support and guidance to ensure sustainability projects are on track.

Members of the Sustainability Committee are as follows:

- CEO
- Executive Vice President, Information Technologies, Operations, Channels and Business Development
- Executive Vice President, Retail and SME Banking
- Executive Vice President, Enpara.com
- Executive Vice President, Treasury / International Banking
- Executive Vice President, Human Resources
- Executive Vice President, Corporate and Commercial Banking
- Executive Vice President, Corporate and Commercial Credits Allocation
- Executive Vice President, Financial Control and Planning / Procurement
- Executive Vice President, Retail and SME Credits
- Communications and Customer Experience Office Director
- Investor Relations

Other Committees in the Bank
continued

Information Security Committee
Information Security Committee is generally responsible for determining information security strategy, determining risk appetite on information security subjects and observation, following information security risks and measures taken, evaluating legal requirements and compliance, reviewing information security policy and standards regularly and ensuring efficiency in line with the needs of the Bank. QNB Finansbank Information Security Committee members are General Manager, Chief Information Security Officer and executive vice presidents or representatives of units stated below:

- CEO
- Information Technologies, Operations, Channels and Business Development
- Chief Information Security Officer
- Consumer Banking and Payment Systems
- Corporate and Commercial Banking
- Enpara
- Internal Audit Department
- Head of Internal Control and Compliance
- Risk Management
- Human Resources
- Legal Affairs

Information Systems Strategy Committee
Information Systems Strategy Committee is responsible for managing Information Systems goals, strategies and investments in line with the business goals and strategies of the Bank on behalf of the Board of Directors of the Bank. The Committee members are defined as CEO/General Manager, Senior Manager Responsible for Information Systems and Senior Managers Responsible for Related Business Units.

Information Systems Steering Committee
Information Systems Steering Committee, which was established to assist the Information Systems Strategy Committee and senior management in the fulfillment of its duties for the management of Information Systems strategy and risks delegated by Bank's Board of Directors, consists of CEO/General Manager, Senior Manager Responsible for Information Systems, Information Systems Representatives, Human Resources Representative/ Representatives, Representative/ Representatives from the Bank's Related Business Units, Legal Compliance Representative/Representatives, Legal Affairs Representative/Representatives and Project Management Office.

Information Systems Continuity Committee
Information Systems Continuity Committee is responsible for ensuring the continuity of Information Systems Services used in carrying out banking activities. The Committee Members are Information Systems Continuity Management Process Officer, Executive Vice President responsible for IT&Operations, Chief Risk Officer, Chief Information Security Officer, Operational Risk and Business Continuity Management, Human Resources, Related Business Units Representatives, Information Security Management Unit, Information Systems Department Representatives, Internal Control and Compliance Department, Construction and Purchasing and Legal Affairs.

Participation in Executive Commitee Meetings

In 2021, the Board of Directors held 7 meetings and all members were present at these meetings except for exceptional circumstances. Within the scope of Article 390 of the Turkish Commercial Code, the Board of Directors adopted several Board resolutions without holding a meeting.

The Audit Committee held 17 meetings in 2021, and all members were present at these meetings excluding exceptional circumstances.

The Risk Committee held 12 meetings in 2021, and except for exceptional circumstances all members were present at all meetings.

The Corporate Governance committee held 5 meetings in 2021, and all members were present at these meetings except when their attendance was prevented due to reasonable circumstances.

In 2021, the Credit Committee held meetings as necessary.

The Remuneration Committee held 6 meetings in 2021.

Agenda of the Ordinary General Assembly

1. Opening and constitution of the Presidential Board; authorization of the Presidential Board to sign the meeting minutes of the General Assembly of Shareholders;
2. Presentation of 2021 Annual Report of the Board of Directors to approval of the General Assembly upon reading and deliberations;
3. Presentation of 2021 Annual Report of the Auditor to approval of the General Assembly upon reading and deliberations;
4. Presentation of 2021 financial statements (balance sheet-profit & loss accounts) to approval of the General Assembly upon reading and deliberations;
5. Resolution on amendment of Article 7 of the Articles of Association of the Bank in accordance with permissions granted by the Capital Markets Board of Turkey, the Banking Regulation and Supervision Agency and the Ministry of Customs and Trade;
6. Resolution concerning the accrued profit of 2021 in accordance with the balance sheet and the contingency reserves of the past year;
7. Presentation of transactions regarding sale of some part of NPL portfolios executed in 2021 to approval the General Assembly;
8. Approval of the appointment of the Board Members elected temporarily as per Article 363 of the Turkish Commercial Code numbered 6102;
9. Resolution regarding release of the members of the Board of Directors for their activities in 2021;
10. Determination of the remuneration of the members of the Board of Directors;
11. Determination of the Auditor as per the Banking Law and Turkish Commercial Code;
12. Information regarding the donations made in 2021;
13. Resolution on determination of upper limit of donations to be made in 2022 as the Capital Markets Law and related legislation;
14. Information regarding disclosure policy of the Bank;
15. Information on profit share distribution policies;
16. Resolution on granting permissions to the Board members within the scope of Articles 395. and 396. of the Turkish Commercial Code;
17. Information on transactions performed in 2021 within the scope of Article 1.3.6 of the Communiqué on Corporate Governance Principles of the Capital Markets Board numbered II-17.1;
18. Information regarding remuneration policies of the Board members and senior management;
19. Wishes and hopes.

Dividend Distribution Proposal

Board of Directors' Proposal to General Assembly with regard to dividend distribution

The Board of Directors resolved that year 2021 net profit amounting to TL3,928,113,726.25, which was calculated on the basis of the Bank's 2021 financial statements by deducting the taxes and other financial obligations, is to be allocated in part to the Real Estate Sales Profit Fund in accordance with CIT 5-1/e with an amount of TL670,079.04 and the remaining TL3,927,443,647.21 to be transferred to general reserves, since statutory reserves have reached 20% of paid in capital in the frame of Article 591/1 of the Turkish Commercial Code, and to submit such allocation to the approval of the Ordinary General Assembly to be held on 30 March 2022.

Amendments to Articles of Association

FORMER VERSION

ARTICLE 7

SHARE CAPITAL

a. The Bank has adopted the registered capital system as per the provisions of the Capital Markets Law numbered 2499 and this matter has been approved by the permission dated October 14, 1993 and numbered 743 of the Capital Markets Board.
b. The Bank's registered share capital is TL 12,000,000,000.- (Twelve Billion Turkish Lira), represented by 120,000,000,000 (One Hundred and Twenty Billion) registered shares each with a nominal value of 10 Kuruş. When it deems necessary, Board of Directors is entitled to increase the Bank's issued capital by issuing new shares up to the said limit, in accordance with the provisions of the relevant legislations.
c. Board of Directors is entitled to directly offer to public, all of the shares representing the increased capital, by limiting the preemption rights upon satisfying the conditions set out in the relevant legislations.
d. The Bank's issued capital is divided into 33,500,000,000.- (Thirty Three Billion Five Hundred Million) registered shares with a totally paid-in nominal value of TL 3,350,000,000- (Three Billion Three Hundred and Fifty Million Turkish Lira).

Nominal value of the share certificates have been changed from TL 100,00.- to Kr 10.- within the scope of the law no. 5374 concerning the amendment of the TCC. As a result of such change, the total number of shares has remained unchanged and in consideration of 9,500,000,000 shares each with a nominal value of TL 100,000.-, 9,500,000,000 shares with a value of Kr 10.- will be given. Rights of the shareholders relating to such change are preserved.

Registered capital permission granted by the Capital Markets Board is valid between 2018-2022 (for 5 years). Even if the permitted registered capital ceiling is not reached by the end of 2022, in order for the Board of Directors to resolve to increase the capital after 2022; it must be authorized by the general assembly upon obtaining the permission of the Capital Markets Board, for the previously permitted ceiling or a new ceiling amount.

When it deems necessary, between 2018-2022, the Board of Directors is authorized increase the issued capital by issuing shares up to the registered capital ceiling and also resolve on issues such as restricting the rights of privileged shareholders, restriction of rights of shareholders to purchase the newly issued shares and issuing shares above the nominal value or without voting rights in compliance with the provisions of the Capital Markets Law. The authority to restrict the preemptive rights shall not be exercised in a manner leading to in equality among shareholders.

Shares representing the share capital shall be monitored in accordance with principles of dematerialization.

NEW VERSION

ARTICLE 7

SHARE CAPITAL

a. The Bank has adopted the registered capital system as per the provisions of the Capital Markets Law and this matter has been approved by the permission dated October 14, 1993 and numbered 743 of the Capital Markets Board.
b. The Bank's registered share capital is TL 20,000,000,000.- (Twenty Billion Turkish Lira), represented by 200,000,000,000 (Two Hundred Billion) registered shares each with a nominal value of 10 Kuruş.
c. The Bank's issued capital is divided into 33,500,000,000.- (Thirty Three Billion Five Hundred Million) registered shares with a totally paid-in nominal value of TL 3,350,000,000- (Three Billion Three Hundred and Fifty Million Turkish Lira).
d. Registered capital permission granted by the Capital Markets Board is valid between 2022-2026 (for 5 years). Even if the permitted registered capital ceiling is not reached by the end of 2026, in order for the Board of Directors to resolve to increase the capital after 2026; it must be authorized by the general assembly upon obtaining the permission of the Capital Markets Board, for the previously permitted ceiling or a new ceiling amount.

When it deems necessary, the Board of Directors is authorized increase the issued capital by issuing shares up to the registered capital ceiling and also resolve on issues such as, restriction of rights of shareholders to purchase the newly issued shares, directly offering to public all of the shared representing the increased capital by restricting the preemption rights upon satisfying the conditions set out in the relevant legislation and issuing shares above the nominal value in compliance with the provisions of the Capital Markets Law. The authority to restrict the preemptive rights shall not be exercised in a manner leading to in equality among shareholders.

Shares representing the share capital shall be monitored in accordance with principles of dematerialization.

When deemed necessary the capital of the Bank may be increased or decreased within the scope of related articles of the Turkish Commercial Code and Capital Markets legislation.

Summary of Board Report Submitted to the General Assembly Meeting

QNB Finansbank continued to support the economy throughout the year 2021, when the implications of the Covid-19 pandemic prevailed. As of 31 December 2021, the total assets of the Bank increased by 63%, compared to the end of 2020, reaching TL371 billion 369 million. Having achieved a balanced growth in its consumer and business loan portfolio, the Bank's net loans grew by 45% to TL200 billion 832 million in the same period. With its securities portfolio growth of 45%, the Bank strengthened its robust liquidity as well as supporting its balance sheet growth.

The Bank sustained its deposit-oriented funding strategy, and the Bank's customer deposits rose by 70% to TL213 billion 946 million as of 31 December 2021. Having diversified its funding base with long-term external funding, QNB Finansbank rolled its two syndicated loan transactions in 2021 based-on sustainability performance criteria, with the awareness of the banking sector's responsibility in sustainable development. The Bank also issued its first green bond with the European Bank for Reconstruction and Development (EBRD) in June 2021, raising USD50 million to finance internationally certified green building projects in the Bank's portfolio.

Even with the elevated TL funding and swap costs, the Bank's net interest income including swap costs rose by 15%, compared to the previous year, reaching TL7 billion 669 million, thanks to the contribution of the CPI-indexed securities portfolio. Net fees and commissions income amounted to TL3 billion 391 million, recording an annual growth of 44%. The Bank's profit before tax for 2021 reached TL4 billion 990 million, and net profit increased by 43%, compared to 2020, reaching TL3 billion 928 million.

We would like to thank all our colleagues, our customers, strategic business partners and all our stakeholders for their contributions, who helped us get through this difficult process by getting stronger.

QNB Finansbank Board of Directors

Independent Auditor's Report on the Annual Report

pwc

To the General Assembly of QNB Finansbank A.Ş.

1. Opinion

We have audited the annual report of QNB Finansbank A.Ş. (the "Bank") and its subsidiaries for the accounting period of 1 January 2021 - 31 December 2021.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Bank's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set unconsolidated and consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the scope of "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015. Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the 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 during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Our Audit Opinion on the Full Set Unconsolidated and Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's reports dated 02 February 2022 on the full set unconsolidated and consolidated financial statements for the 1 January 2021 - 31 December 2021 period.

4. Board of Director's Responsibility for the Annual Report

The Bank management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102, Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No.26333 dated 1 November 2006 are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

b) to prepare the annual report to reflect the Bank's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report, financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Bank may encounter are clearly indicated. The assessments of the Board of Directors in regard to these matters are also included in the report.

c) to include the matters below in the annual report:
   - events of particular importance that occurred in the Bank after the operating year,
   - the Bank's research and development activities,
   - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Banking Regulation and Supervision Agency, Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of the TCC, Communique and "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015 provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited unconsolidated and consolidated financial statements of the Bank and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited unconsolidated and consolidated financial statements and with the information obtained in the course of audit.

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

Talar Gül, SMMM
Partner
Istanbul, 7 March 2022

2021 Annual Report Statement of Responsibility

QNB Finansbank's annual report is prepared and presented in accordance with the principles and regulations stated in the "Regulation on the Preparation and Publication of Annual Report for Banks" as appeared in the Official Gazette on November 1, 2006, with number 226333.

Mehmet Ömer Arif Aras
Chairman

Ali Teoman Kerman
Board Member and Chairman of the Audit Committee

Ramzi T.A. Mari
Board Member and Audit Committee Member

Durmuş Ali Kuzu
Board Member and Audit Committee Member

Noor Mohd J. A. Al-Naimi
Board Member and Audit Committee Member

Osman Ömür Tan
CEO and Board Member

Adnan Menderes Yayla
Executive Vice President responsible for Financial Control (CFO)

Corporate Governance Compliance Report

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
Corporate Governance Compliance Report						
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	There is no such transaction.
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				Within the scope of the Internal Directive on Working Principles and Procedures of the General Assembly approved at the General Assembly meeting of our Bank on 28.03.2013, the Bank's employees, guests, audio and video technicians can participate at the General Assembly unless otherwise decided by the Chairpersonship and except for those who are required to attend the meeting in accordance with the legislation
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	

Corporate Governance Compliance Report
continued

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					Minority rights are not specified as less than one twentieth of the Bank's capital in the Articles of Association of the Bank. However, utmost attention is paid to using minority rights in conformity with the Turkish Commercial Code (TTK) and Capital Markets Board (SPK) regulations.
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			Minority rights are not specified as less than one twentieth of the Bank's capital in the Articles of Association of the Bank. However, utmost attention is paid to using minority rights in conformity with the Turkish Commercial Code (TTK) and Capital Markets Board (SPK) regulations.
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					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
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					
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					

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
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					
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			A model has not been established for the participation of stakeholders in management. However, there are independent members in the Board of Directors in order to provide assurance that the rights of minority shareholders and other stakeholders are protected equally within the scope of taken decisions. Suggestions for improvement of work and working conditions are evaluated by taking Employee Satisfaction Surveys and employees' expectations about the Bank and Management. The Bank regularly monitors the level of customer satisfaction through periodical researches and social channels and plans the necessary actions meticulously in areas that are open for improvement and quickly put them into practice in accordance with opinions and suggestions of the customers.
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					Surveys are conducted to ensure that employees and customers receive opinions and suggestions from stakeholders.
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					

Corporate Governance Compliance Report
continued

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
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					
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					
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					

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
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 Chairperson 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 in cooperation with Investor Relations and Corporate Governance Committee 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				As any damages that may be caused during the duties of the members of the Board of Directors has been insured by professional liability insurance, the coverage is below 25% of the capital.
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			No target ratio has been set for the number of female members in the Board of Directors. There are two female members in the Board.
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				In order to facilitate the participation of all members to the Board of Directors' meetings, our Bank also offers remote access and participation to meetings electronically by video-conference.
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					

	Company Compliance Status					
	Yes	Partial	No	Exempted	Not Applicable	Explanation
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				Members of the Board of Directors can take duties outside the Bank under the conditions permitted by the legislation; these duties are included in the Annual Report.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Board members serve in more than one committe, taking into account the number of Board Members, the number of Board Commitees and experiences of the Board members and in accordance with the banking legislation regulations. This situation plays a supportive role in matters that require information exchange and cooperation between the committees.
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	
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
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					
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				Loans to be extended by the Bank to the Members of the Board of Directors and Managers are restricted by a certain limits in Article 50 of the Banking Law. No loans are granted to the Members of the Board of Directors and Managers outside this limits.
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report. Although remuneration paid to the Board of Directors and executives is disclosed collectively, the disclosure has not been on an individual basis.		X				Although remuneration paid to the Board of Directors and executives is disclosed collectively, the disclosure has not been on an individual basis.

I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

a) As detailed below and throughout the report, QNB Finansbank has complied with the imperative principles of the Corporate Governance Principles numbered 1.3.1.- 1.3.5. - 1.3.6. - 1.3.9. - 4.2.6. - 4.3.1. - 4.3.2. - 4.3.3. - 4.3.5. - 4.3.6. - 4.3.7.(*) - 4.3.8.(*) - 4.5.1.(**) - 4.5.2. - 4.5.3. - 4.5.4.(***) - 4.5.10. - 4.5.11.(****) 4.6.2. and 4.6.3. set out in of the Corporate Governance Communiqué No. II - 17.1., published by the Capital Markets Board (CMB), throughout the financial reporting year of 01.01.2021-31.12.2021.

Principles numbered 4.5.9. - 4.5.12. and 4.5.13. is not being applied to banks as per the Principle 4.5.1.

Principle 4.3.4. is an exemption for banks within the scope of Article 6 of the Corporate Governance Communiqué.

b) QNB Finansbank does not implement principles no. 1.5.2. - 1.7.1. - 2.1.2. - 2.1.3. - 2.2.2. (Most of the information herein is stated in the annual report.) - 3.1. - 3.2. - 4.3.9. - 4.5.5. which are advisory principles. However, the Bank has set up a Corporate Governance Committee responsible for monitoring whether the Corporate Governance Principles are complied with, describing the problems that may arise due to noncompliance and offering corrective actions to the Board of Directors. The Committee consists of Ramzi T.A. Mari, Sinan Şahinbaş, Ali Teoman Kerman, Osman Reha Yolalan and Burcu Günhar. During meetings held in 2021, work was done for improvement of the corporate governance practices in the Bank. The Corporate Governance Committee shall consider the said principles in its activities in 2022 and work towards the improvement of corporate governance practices. The Committee also coordinates the operations of the Investor Relations Division.

Corporate Governance Compliance Report and Corporate Governance Information Form for 2021 published on the Public Disclosure Platform are approved by the Board of Directors along with the Annual Report.

(*) Article three of the Principle numbered 4.3.7. and Article two of the Principle 4.3.8. shall not be implemented by banks, accordingly such Articles are not implemented.

(**) Article 4.5.1. includes exceptions for banks with regard to committees.

(***) The general manager should be appointed to the Credit Committee within the scope banking legislation, this Article is implemented with this exception.

(****) Corporate Governance Committee is responsible for this Article within the scope of organizational structure of the Bank.

II - AUDIT COMMITTEE REPORT

The related report of the Audit Committee is included in the Risk Section of the Annual Report.

III - INVESTOR RELATIONS

Investor Relations Divison

QNB Finansbank established Investor Relations Division in 2005, for the purposes of overseeing the rights of shareholders and ensuring effective communication between the Board of Directors and shareholders. Activities of Investor Relations Division are carried out in line with the Corporate Governance Communique Part 4 Article 11, dated 03.01.2014 and published by the Capital Markets Board. Investor Relations Division is managed by Ms. Burcu Günhar and supervised by the Corporate Governance Committee. Ms. Burcu Günhar holds Capital Markets Activities Level 3 License, Derivatives License, Corporate Governance Rating License and Credit Rating License; and appointed as Corporate Governance Committee Member as disclosed in the Public Disclosure Platform on 14.05.2018.

In 2021, all telephone and e-mail inquiries were answered within the scope of the relevant legislation. During the year representing the Bank, Investor Relations attended 2 investor conferences and participated in meetings with 79 international investors, rating agencies and analysts. Each quarter presentations based on financial results of the bank were prepared and uploaded on the Investor Relations website.

Shareholders' Right to Access Information

Within the scope of the Informational Policy of QNB Finansbank as approved at the General Assembly on 27 March, 2014, all information in relation to shareholders' rights, such as capital increases, are sent to Borsa Istanbul (Istanbul Stock Exchange) and published in print and on the Public Disclosure Platform (www.kap.gov.tr) in Material Event Disclosure format. Shareholders are informed through emails, meetings and telephone calls, and through the Bank's website, regarding material financial and/or operational information that may affect the exercise of the rights of shareholders.

Appointment of a special auditor is not regulated by the Articles of Association of the Bank. The Bank is audited both by the auditors appointed by the Bank's General Assembly and by the Banking Regulation and Supervision Agency ("BRSA") in accordance with the Banking Law.

General Assembly

The Annual General Assembly was held on 25 March 2021 at the Head Office located at Esentepe Mahallesi, Büyükdere Caddesi Kristal Kule Binası No: 215 Şişli/ İstanbul with a meeting quorum of 99.8%. The Board of Directors invitation for the Assembly was published in the Turkish Trade Registry Gazette and two daily newspapers, namely, Akşam and Takvim. Shareholders were duly provided with the date, agenda and information form regarding the agenda of the Meeting through the website of the Bank, the Public Disclosure Platform as well as the electronic General Assembly System. At the Annual General Assembly held in 2020, none of the shareholders has been proposed any items to be included to the agenda. Questions asked by the shareholders were answered at the General Assembly meeting. Minutes of the Annual General Assembly is presented to our shareholders' review in our website and Public Disclosure Platform. In the General Assembly, within the scope of item 10 shareholders were provided information regarding the total amount of donations made in 2020.

In addition, pursuant to Art. 1.3.6. of the Corporate Governance Communiqué No. II - 17.1., information was provided regarding transactions conducted in 2020. The General Assembly was informed that other than transactions conducted in 2020 within the limits allowed by the Banking Law and relevant legislation, no significant transactions of the nature to cause a conflict of interest with the Bank or its affiliated companies were carried out by shareholders in charge of management, members of the Board, members of upper management, and their spouses and kind of second degree by blood and marriage; that they did not conduct, in their own account or on behalf of third parties, any transactions of the type falling under the field of operation of the Bank or its affiliated companies; and that they did not join as a partner with unlimited liability another company carrying out similar commercial transactions.

Voting Rights and Minority Rights

No voting privilege is granted and no cumulative voting procedure is adopted by the Bank's Articles of Association. Minority rights is not determined as less than %5 (1/20) of the share capital by the Articles of Association.

Dividend Distribution Policy

Dividend distribution policy of the Bank is approved in the General Assembly dated 27.03.2014. The dividend is calculated under the provisions of the applicable regulations and provisions of the Bank's Articles of Association and determination and distribution of the annual profit are regulated by Article 25 and 26 of the Articles of Association of the Bank; there is no restriction on participation to the annual profit. Besides, distribution of the profit is included to the agenda.

Transfer of Shares

QNB Finansbank's Articles of Association do not restrict shareholders from transferring their shares. However, share transfer is subject to the BRSA approval pursuant to the relevant provisions of the Banking Law.

IV. STAKEHOLDERS

Informing Stakeholders

Bank employees are informed about the Bank's operations when deemed necessary via internal communications tools. In addition, managers at the Headquarters and branches are informed about developments via regularly held meetings. The tip-off hotline, set up for informing regarding transactions contrary to the Bank's procedures and instructions, and that are against legislation and improper ethically, is open to access by stakeholders through a number of channels.

Participation of Stakeholders in Management

The Bank does not have a model to ensure stakeholders' involvement in management.

V - BOARD OF DIRECTORS

Detailed information is dislosed in Board of Directors and Corporate Governance Information Form Sections of the Annual Report.

Corporate Governance Information Form

Related Companies	
Related Funds	
1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the yearı	In addition to one-on-one investor meetings, the Bank participated at two investor conferences with the attendance of Senior Management in 2021. At these organizations, 79 analyst and investor meetings were held in total. As regular meetings were carried out with three credit rating agencies, inquiries submitted by analysts and investors via telephone or e-mails were responded.
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	None.
The number of special audit requests that were accepted at the General Shareholders' Meeting	None.
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/tr/Bildirim/1007864
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same timeı	Provided both in Turkish and English at the time Turkish: https://www.qnbfinansbank.com/yatirimci-iliskileri/kurumsal-yonetim/genel-kurul English: https://www.qnbfinansbank.com/en/investor-relations/corporate-governance/general-assembly
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.	None.
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.)	None.
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.)	None.
The name of the section on the corporate website that demonstrates the donation policy of the company	None.
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	None.
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Participation of stakeholders to the General Assembly is not regulated in the Articles of Association.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Shareholders and Bank employees attended the Ordinary General Assembly held in 2021.
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.	No voting privileges
The percentage of ownership of the largest shareholder	99.88%
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	Disclosed on Investor Relations Section of the Bank's Corporate Website under the title "Corporate Governance Policies and Rules": https://www.qnbfinansbank.com/en/investor-relations/corporate-governance/corporate-governance-policies-and-rules
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.	The 6th item of the agenda and the motion regarding the said item was read. The attendees were asked whether or not any attended would like to take the floor, whereupon it was established that none wanted to do so. Pursuant to the proposal, allocation of the total amount of TL2,588,275,973.36, resulted from the addition of TL101,266,916.66 prior year's profit, which resulted from the reclassification in accordance with the Presentation Standard ("TAS 32") following fair valuation differences on equity instruments being reallocated to profit and loss which were allocated under other comprehensive income in prior period's financial statements to the net profit after tax of TL2,487,009,053.70-, to the extraordinary reserves in accordance with the first paragraph of Article 519 of the Turkish Commercial Code, as statutory reserves reached 20% of the paid-in capital, and the authorization of the Board of Directors regarding the use of the reserves were accepted by majority of votes, with TL3,345,892,342.466 TL of capital, against the rejection vote representing TL1 of capital.
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/tr/Bildirim/920667

Corporate Governance Information Form
continued

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	
25.03.2021	0	99.88%	0%	99.88%	

	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
	Disclosed at QNB Finansbank Corporate Website's Investor Relations Section under the Corporate Governance Subsection under the title "General Assembly" for each year specified (https://www.qnbfinansbank.com/en/investor-relations/corporate-governance/general-assembly)	Disclosed at QNB Finansbank Corporate Website's Investor Relations Section under the Corporate Governance Subsection under the title "General Assembly" for each year specified (https://www.qnbfinansbank.com/en/investor-relations/corporate-governance/general-assembly)	Article 15	607	https://www.kap.org.tr/tr/Bildirim/920667

Corporate Governance Information Form
continued

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.	Listed at Bank's Corporate Website's Investor Relations Section: (https://www.qnbfinansbank.com/en/investor-relations)
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.	Listed at Bank's Corporate Website's Investor Relations Section under the Corporate Governance Subsection under the title 'Shareholder Structure' (https://www.qnbfinansbank.com/en/investor-relations/shareholder-structure)
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	Information on duties of the Board members and Senior Management conducted outside of the Bank was given in Annual Report 2021 under sections "Board of Directors" and "Senior Management"
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	Annual Report 2021 - Committees under the Board of Directors
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	Annual Report 2021 - Participation in Board and Committee Meetings
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	Annual Report 2021 - Activities in Year 2021
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	Annual Report 2021 - Additional Information on the Activities of the Bank
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	None
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%	No cross ownership
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	Annual Report 2021 – Human Resources
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	-
The number of definitive convictions the company was subject to in relation to breach of employee rights	62
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ombudsman and Internal Audit
The contact detail of the company alert mechanism	Notifications can be submitted to Internal Audit via mail: ihbarhatti@qnbfinansbank.com; Bank employees may also report their complaints and/or notices by contacting the ombudsman.
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	As there are no written internal regulations, participation of employees is ensured in all projects and studies conducted in line with the strategic priorities of the Bank.
Corporate bodies where employees are actually represented	Employees are encouraged to take part in decision making through committee memberships of middle-and upper- level management and also intranet portals, which serve a means for employees to submit their opinions and suggestions.

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	As there are succession plans for the key management positions, these are regularly reviewed by the General Manager, who is at the same time a Executive Board Member and re-evaluated by the Board of Directors if needed.
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.	Although human resources policies are not available on the Bank's corporate website, the relevant regulations are summarized in the Human Resources Section of the Annual Report 2021.
Whether the company provides an employee stock ownership programme	There isn't 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.	Although the human resources policy is not available on the corporate website, the relevant regulations are summarized in the Human Resources Section of the Annual Report 2021.
The number of definitive convictions the company is subject to in relation to health and safety measures	None
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Although there is no Ethical Rules Policy approved by the Board of Directors, there is an "Anti-Bribery and Anti-Corruption Policy" available on the Bank's corporate website. In addition, there are "QNB Finansbank Finance Professionals Code of Conduct Procedure" and "QNB Finansbank Employees Code of Conduct Procedure" published by the Board of Directors decision.
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.	Although there is no corporate social responsibility report published on the corporate website,, Studies in this area can be accessed from the Corporate Social Responsibility and Sponsorships Section of the Bank's corporate website. Sustainability Policy, Environmental and Social Risk Management Policy and other sustainability policies are also available on the Sustainability Section of the Bank's corporate website.(https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-related-policies)
Any measures combating any kind of corruption including embezzlement and bribery	QNB Finansbank Anti-Bribery and Corruption Policy is published at the QNB Finansbank's corporate website (About QNB Finansbank-Policies - https://www.qnbfinansbank.com/en/about-qnb-finansbank/policies)
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	The self-evaluation process of the Board of Directors for 2021 was made in February 2022.
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
ame(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegated duties and/or authorities
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	The Internal Control Unit submitted 4 reports to the Audit Committee in 2020 (an activity report for each quarter)
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	Annual Report 2021 -Evaluations of the Audit Committee on the activities of Internal Control, Internal Audit and Risk Management Systems and Information about their activities in the accounting period
Name of the Chairman	Dr. Ömer Arif Aras
Name of the CEO	Temel Güzeloğlu (After his resignation, Osman Ömür Tan was appointd as CEO as of 01.01.2022).
If the CEO and Chair functions are combined: provide the link to the relevant PDP annoucement providing the rationale for such combined roles	The roles of the Chairman and CEO are undertaken by different individuals.
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	As any damage that may be caused by the members of the board of directors during the discharge of their duties has been indured by professional liability insurance, the coverage amount is below 25% of the capital.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
The number and ratio of female directors within the Board of Directors	The Board of Directors consists of 11 members, of which 2 are female.

Corporate Governance Information Form
continued

Board Members			
Name-Surname	**Real Person Acting on Behalf of Legal Person Member**	**Independent Board Member or not**	**The First Election Date To Board**
Dr. Ömer Arif Aras	Non-executive	Not independent director	16.04.2010
Sinan Şahinbaş	Non-executive	Not independent director	16.04.2010
Yousef Mahmoud H. N. Al-Neama	Non-executive	Not independent director	28.05.2019
Adel Ali M. A. Al-Malki	Non-executive	Not independent director	28.05.2019
Ali Teoman Kerman	Non-executive	Independent director	16.04.2013
Durmuş Ali Kuzu	Non-executive	Independent director	25.08.2016
Fatma Abdulla S. S. Al Suwaidi	Non-executive	Not independent director	16.06.2016
Noor Mohd J. A. Al-Naimi	Non-executive	Independent director	22.06.2017
Osman Reha Yolalan	Non-executive	Independent director	16.06.2016
Ramzi T. A. Mari	Non-executive	Independent director	16.06.2016
Temel Güzeloğlu	Executive (CEO)	Not independent director	16.04.2010

Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He lost the Independence or Not	Whether the Director has at Least 5 Years' Experience on Audit, Accounting and/or Finance or not
-	-	(No)	(Yes)
-	-	(No)	(Yes)
-	-	(No)	(Yes)
-	-	(No)	(Yes)
Members of the Audit Committee are considered as independent members within the scope of Article 6 of the Corporate Governance Communiqué	Not considered	(No)	(Yes)
Members of the Audit Committee are considered as independent members within the scope of Article 6 of the Corporate Governance Communiqué	Not considered	(No)	(Yes)
-	Not considered	(No)	(Yes)
Members of the Audit Committee are considered as independent members within the scope of Article 6 of the Corporate Governance Communiqué	Not considered	(No)	(Yes)
-	It was considered by the Corporate Governance Committee	(No)	(Yes)
Members of the Audit Committee are considered as independent members within the scope of Article 6 of the Corporate Governance Communiqué	Not considered	(No)	(Yes)
-	Not considered	(No)	(Yes)

Corporate Governance Information Form
continued

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 held 7 meetings physically in 2021. In addition, the Board of Directors took various resolutions within the scope of Article 390 of the Turkish Commercial Code in 2021 without having a meeting.
Director average attendance rate at board meetings	96.10%
Whether the board uses an electronic portal to support its work or not	Evet (Yes)
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Information and documents are submitted to the Board of Directors at least 5 days prior to the board meeting.
The name of the section on the corporate website that demonstrates information about the board charter	QNB Finansbank Corporate Website – Investor Relations – Corporate Governance (https://www.qnbfinansbank.com/en/investor-relations/corporate-governance)
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	Limits specified in the banking legislation are applied.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Annual Report 2021 - Committees under the Board of Directors
Link(s) to the PDP announcement(s) with the board committee charters	As there is no PDP notification link, the working principles are summarized in the annual report. Annual Report 2021 - Committees under the Board of Directors

Composition of Board Committees-I				
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**
Corporate Governance Committee	-	Ramzi T. A. Mari	Yes	Board member
Corporate Governance Committee	-	Sinan Şahinbaş	No	Board member
Corporate Governance Committee	-	Ali Teoman Kerman	No	Board member
Corporate Governance Committee	-	Osman Reha Yolalan	No	Board member
Corporate Governance Committee	-	Burcu Günhar	No	Not board member
Audit Committee	-	Ali Teoman Kerman	Yes	Board member
Audit Committee	-	Ramzi T. A. Mari	No	Board member
Audit Committee	-	Durmuş Ali Kuzu	No	Board member
Audit Committee	-	Noor Mohd J. A. Al-Naimi	No	Board member
Committee of Early Detection of Risk	-	Ömer Arif Aras	No	Board member
Committee of Early Detection of Risk	-	Sinan Şahinbaş	No	Board member
Committee of Early Detection of Risk	-	Fatma Abdulla S. S. Al-Suwaidi	No	Board member
Committee of Early Detection of Risk	-	Adel Ali M. A. Al-Malki	No	Board member
Committee of Early Detection of Risk	-	Ali Teoman Kerman	No	Board member
Other	Credit Committee	Ömer Arif Aras	No	Board member
Other	Credit Committee	Sinan Şahinbaş	No	Board member
Other	Credit Committee	Fatma Abdulla S. S. Al-Suwaidi	No	Board member
Other	Credit Committee	Yousef Mahmoud H. N. Al-Neama	No	Board member
Other	Credit Committee	Temel Güzeloğlu	No	Board member
Other	Credit Committee	Noor Mohd J. A. Al-Naimi	No	Board member
Other	Credit Committee	Osman Reha Yolalan	No	Board member
Remuneration Committee	-	Sinan Şahinbaş	No	Board member
Remuneration Committee	-	Yousef Mahmoud H. N. Al-Neama	No	Board member

Corporate Governance Information Form
continued

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)	Annual Report 2021 - Committees under the Board of Directors
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	Annual Report 2021 - Committees under the Board of Directors
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)	Annual Report 2021 - Committees under the Board of Directors
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)	Annual Report 2021 - Committees under the Board of Directors
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)	Annual Report 2021 - Committees under the Board of Directors
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)	Annual Report 2021 - Assessment of the Bank's Financial Position, Profitability and Solvency
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	None
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)	Disclosed in the Annual Report 2021 under Financial Reports Section - Section Five Footnote VII.1.4. titled "Information regarding benefits provided to the top management"

Composition of Board Committees-II

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%	17	4
Corporate Governance Committee	-	80%	60%	5	1
Committee of Early Detection of Risk	-	100%	20%	12	1
Other	Credit Committee	83%	17%	as needed	-
Remuneration Committee	-	100%	0%	6	1

Compliance Statement on Sustainability Principles

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK	Company Compliance Status						
	Yes	Partial	No	Exempt	Not applicable	Related Links	Explanation
A. GENERAL PRINCIPLES							
A1. Strategy, Policies and Targets							
A1.1. Board of Directors (BoD) determines prioritized topics, risks and targets with respect to ESG and formulates corresponding policies. Corporate directives, work procedures etc. with regard to effective application of the said policies may be prepared. BoD is responsible for resolutions and public disclosure thereof.	x					Sustainability Related Policies: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-related-policies	Board of Directors (BoD) determines prioritized topics, risks and priorities with respect to ESG and formulates relevant ESG policies. The bank discloses its sustainability performance to the puclic within its Sustainability Report published on an annual basis. Sustainability Policy and other supporting ESG policies have been approved by the Board of Directors and are public on Sustainability Section of the Bank's website.
A1.2 BoD determines Corporate Strategy in line with ESG policies, risks and opportunities. It sets short- and long-term targets in line with the corporate strategy and ESG policies and discloses thereof.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Bank's sustainability strategy, framework, short-term and long-term sustainability goals as well as priotities (material topics) are disclosed in its Sustainability Report and on the Sustainability Section of the Bank's website.
A2. Practice/Monitoring							
A2.1. BoD determines committees/departments responsible for execution of ESG policies and makes a public disclosure thereof. The responsible parties report to the BoD annually and in any case in annual reports within the maximum time period set by the Board in relevant regulations for disclosure.	x					https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-governance-and-management	Sustainability Committee, which is responsible for the general oversight of the sustainability strategy and performance, is required to report to Corporate Governance Committee and Board of Directors as much as needed and at least once in a reporting year. Sustainability Team manages overall sustainability activities of the Bank and is also responsible for the alignment of the Bank's sustainability strategy and policies to the Group's strategy and policies, as well as all sustainability related reportings. Sustainability Working Groups, composed of representatives from relevant divisions of the Bank, propose and execute sustainability projects and action plans.
A2.2. The Company formulates execution and action plans in line with short- and long -term targets and discloses thereof.		x				Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	The Bank formulates projects and action plans in line with short- and long-term sustainability targets, and reports them to the Board of Directors and relevant Board Committees. Although these projects/action plans are not disclosed to public, performance outputs and key performance indicators are disclosed to the public periodically and comparatively within the scope of the sustainability reportings.

Compliance Statement on Sustainability Principles
continued

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK	Company Compliance Status						
	Yes	Partial	No	Exempt	Not applicable	Related Links	Explanation
A2.3. The Company determines Key Performance Indicators (KPI) and announces them annually on a comparative basis. If confirmable data is available, KPI are presented within a comparative basis in relation to local and international sectoral data.		x				Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Although KPIs are disclosed on an annual and comparative basis, they are not presented within a comparative basis with local and international sectoral data, as sector data are not available and confirmable.
A2.4. The Company states innovation activities geared towards improvement of sustainability performance of business processes or products and services.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Innovative activities geared towards improvement of sustainability performance of business processes or products and services, are disclosed in the relevant sections of Annual Report and Sustainability Report.
A3. Reporting							
A3.1. The Company reports and discloses at least annually, sustainability performance, targets and activites. It discloses data on sustainability activities within the scope of the annual report.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	As compliance to CMB Sustainability Principles is reported within Annual Report, The Bank has reported its sustainability performance, goals, and activities in its Sustainability Report on an annual basis.
A3.2. It is essential that material information regarding the state, performance and development of the corporate be shared in a direct and concise manner for the stakeholders. Detailed information and data may be additionally disclosed on the corporate website and separate report geared towards needs of different stakeholders may be prepared.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Detailed information and data on sustainability efforts and performance are provided in the Sustainability Report and CDP Report, and published on the Sustainability Section of the Bank's corporate website.
A3.3. The Company pays utmost attention in terms of transparency and credibility. It discloses objectively all developments in subjects with priority in reporting within the scope of a balanced approach.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	The Bank provides data on its KPIs on a clear, complete and comparable manner in its Sustaianbility Report.
A3.4. The Company provides information on which of the UN 2030 Sustainable Development Goals its activities are related to.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	In its Sustainability Report, the Bank provides information, on which of the UN 2030 Sustainable Development Goals its activities and priorities are related to.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK	Company Compliance Status						
	Yes	Partial	No	Exempt	Not applicable	Related Links	Explanation
A3.5. The Company makes a statement regarding suits, in opposition, filed and/or concluded, in environmental, social and corporate matters.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	The Bank makes public statements regarding suits, in opposition, filed and/or concluded, in environmental, social and corporate matters, in the relevant sections of its Annual Report and Sustainability Report.
A4. Verification							
A4.1. Upon verification by independent third parties (independent sustainability assurers) discloses publicly the measures of sustainability performance, and endeavors for increase of such verification efforts.			x			Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	As the Bank reports its performance in compliance with GRI standards “Core Option” and Financial Services Sector disclosures, no verification has been obtained from an independent third party so far. The Bank evaluates to obtain third party verification in the upcoming periods.
B. ENVIRONMENTAL PRINCIPLES							
B1. The Company states its policies and practices, action plans and environmental management systems (also known as ISO 14001 standards) and programs in terms of environmental management.		x				Sustainability Related Policies: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-related-policies Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	QNB Finansbank seeks to increase operational efficiency and reduce environmental impacts of its operations by taking different measures. While it recognizes its greatest environmental impacts are ‘indirect’ through its financing activities, the Bank also responsibly manages the ‘direct’ environmental footprint associated with its own operations. Hence, the Banks aims to reduce our environmental impact through various measures such as selecting environmentally friendly devices for electrical and mechanical projects, controlling its premises through automation systems and taking specific actions to reduce energy and paper consumption. The Bank, which takes necessary actions to operate an environmental management system up to international standards, aims to obtain ISO 14001 Environmental Management System certification.

Compliance Statement on Sustainability Principles
continued

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK	Company Compliance Status						
	Yes	Partial	No	Exempt	Not applicable	Related Links	Explanation
B2. The Company complies with laws and other regulations regarding the environment and discloses thereto.	x					Sustainability Related Policies: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-related-policies Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	The Bank is determined to comply with relevant national regulations and legislation on environment, health, safety and social issues, together with IFC Exclusion List and IFC Performance Standards; and monitors the effectiveness of its social environmental management system on a regular basis. The Bank regularly reviews its ESG policies and performance in complying with all applicable laws and regulations. The bank ensures compliance to the standards contained in the relevant regulations, and when possible, aims to exceed these standards by taking the best practices. In cases where no regulations exist, the Bank shall set its own standards to minimize any adverse environmental effect caused as a result of its activities or operations.
B3. The Company discloses the scope of the environmental report, reporting period, reporting date, process of data collection and limitations regarding conditions of reporting, to be prepared within the scope of Sustainability Principles.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Scope of the report, reporting period and principles are detailed in the "About this Report" Section of the Sustainability Report.
B4. The Company discloses the top-level executive and relevant committees in charge, within the related corporate, and the duties thereof, on matters of environment and climate change.		x				Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Bank; aims to determine the climate change strategy, identify and manage the direct and indirect impacts of its operations within the scope of "Environmental Impact Management of Operations", one of the sustainability priorities. Sustainability Committtee is responsible for management and oversight of environmental and climate change efforts. In addition to contributing to the combat against climate change by reducing its environmental footprint, the Bank also aims to manage indirect environmental and social risks by evaluating the environmental and social impacts of the projects financed by the Bank, and creating a roadmap for limiting and/or eliminating the environmental and social impacts of the said projects. In 2020, the Bank completed the establishment of its environmental social risk management system in order to integrate environmental and social risk criteria in its lending processes; and as of 2021, within scope of the Bank's Environmental and Social Risk Management Policy approved by the Board of Directors, the environmental and social risks of the financed project finance projects with a loan amount of more than USD10 million have been started to be evaluated.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK	Company Compliance Status						
	Yes	Partial	No	Exempt	Not applicable	Related Links	Explanation
B5. The Company discloses incentives it provides for management of environmental matters, including realization of targets.			x			-	Incentive mechanisms are not in place at the moment, although they are actively evaluated by the Bank.
B6. The Company states how environmental issues have been integrated into business targets and strategies.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports Sustainability Related Policies: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-related-policies	The Bank has reported on how environmental risks arising from its own operations have been integrated to its business targets and operations in the relevant sections of its sustainability report. The Bank established its Environmental and Social Risk Management (ESRM) system in 2020, and released its ESRM Policy approved by the Board of Directors in 2021, with the aim to integrate the impacts of indirect effects into business processes and strategies.
B7. The Company expresses sustainability performances with regard to business processes or products and services as well as activities geared towards improvement thereof.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	KPIs and action geared towards improvements are reported in relevant sections of Sustainability Report.
B8. The Company states how it manages environmental issues and integrates suppliers and customers to its strategies throughout the corporate value chain as well as the direct operations.		x				Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	In addition to managing its own operation's environmental impact, the Bank pays utmost attention to integrate its suppliers and customers to its sustainability strategies; and actions taken in this regard are detailed in the relevant sections of the Sustainability Report. On the other hand, the Bank does not have a Sustainable Supply Chain Policy, approved by the BoD.
B9. The Company declares whether it participates in policy formation processes (at the sectoral, regional, national and international level); cooperative activities, and duties if any, it carries out within associations, institutions and NGOs it is a member of.		x				Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Bank's memberships and associations are disclosed in the Memberships Section of the Sustainability Report.

Compliance Statement on Sustainability Principles
continued

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK	Company Compliance Status						
	Yes	Partial	No	Exempt	Not applicable	Related Links	Explanation
B10. The Company reports periodically, in a comparative manner,data regarding environmental effects in light of environmental indicators (greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy-related), Scope-3 (other direct)1), air quality, energy management, water and waste water management, waste management, and bio-diversity		x				Carbon Disclosure Project (CDP) and Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Although reportings in the previous year's do not include the details specified within this principle, environmental indicators have been calculated on an annual and comparative basis. The Bank aims to report the relevant indicators in the requested format in the upcoming period.
B11. The Company states details regarding standards, protocols, methodology and base year used in collection and calculation of data.		x				Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Although international standards and methodologies have been used in the collection and calculation of data, no reference has been to the details specified in the principle in the past years' reportings. The Bank aims to provide details specified in the principle in the upcoming period.
B12. The Company declares the state of environmental indicators for the reporting year in comparison with previous years (increase or decrease).	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Environmental indicators have been presented in a comparative manner in the sustainability reports.
B13. The Company determines and declares short- and long-term targets for reduction of environmental effects. It is advised that such targets be science based as proposed by United Nations Parties Conference on Climate Change. If, in the current year, improvement in terms of formerly determined targets has taken place, it shall be expressed.			x			-	Although the Bank has not disclosed science based short- and long-term targets so far, it aims to provide science based targets in the upcoming period.
B14. The Company states its strategy and actions to confront climate crisis.	x					Carbon Disclosure Project (CDP) Reports: https://www.qnbfinansbank.com/en/aboutqnb-finansbank/sustainability/sustainabilityreports	Strategy and actions to confront climate crisis is explained in CDP 2021 report.
B15. The Company declares programs or procedures regarding prevention or minimization of potentially adverse effects of its products and/or services; states actions toward securing reduction of amounts of greenhouse gas emissions of third parties.		x				Sustainability Related Policies: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-related-policies	As the establishment of the ESRM system in 2020 and integration of environmental and social risks' into lending process as of 2021, the Bank has started to manage/minimize potential adverse impacts of third parties. The Bank's ESRM Policy is publicly available on the Bank's corporate website.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK	Company Compliance Status						
	Yes	Partial	No	Exempt	Not applicable	Related Links	Explanation
B16. The Company declares the number of projects and initiatives executed and actions undertaken toward reduction of environmental effects, and environmental benefits and cost savings thereof.	x					Carbon Disclosure Project (CDP) Reports: https://www.qnbfinansbank.com/en/aboutqnb-finansbank/sustainability/sustainabilityreports	As the results of the actions taken to reduce environmental impacts have been reported in the relevant parts of the Sustainability Report on a project basis, initiatives and actions undertaken toward reduction of environmental effects explained in CDP Report.
B17. The Company reports total energy consumption (excluding raw materials) and expresses energy consumption as Scope-1 and Scope-2.			x			-	Energy productions are calculated on a periodic basis that allows comparison. Scope 1 and Scope 2 data explained in 2021 CDP Climate Change Report. Scope 1 and Scope 2 data will also be disclosed in the Sustainability Report.
B18. The Company provides information on amount of electricity, heat, steam and refrigeration produced and consumed in the reporting year.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Main consumption items have been reported in the relevant section of the Sustainability Report.
B19. The Company carries out work on increase of renewable energy sources, and transition to zero or low-carbon electricity and expresses thereof.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Utmost attention has been taken to increase the utilization of renewable energy sources. Our work carried on the transition to zero or low carbon electricity is described in the CDP Climate Change Report. 100% of the electricity consumption in 2021 was procured from renewable energy sources.
B20. The Company discloses data on renewable energy generation and consumption.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	In 2021, 100% of the electricity consumption was procured from renewable energy sources. Energy consumption data is disclosed in Sustainability Report.
B21. The Company carries out projects regarding energy productivity and discloses amount of reduction in energy consumption and emissions.		x				Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Actions geared to increase energy efficiency have been disclosed in relevant sections of the Sustainability Report on project basis, as no consolidated data has been reported so far. The Bank aims to integrate these information to its reportings in the upcoming years.
B22. The Company reports on amounts, sources and procedures of water drawn, used, recycled and discharged from and below surface (Total amount of water drawn per source, water sources affected by drawal, percentage and total volume of recycled and reused water).		x				Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Although the Bank has disclosed its total water consumption in its sustainability report, it has not included the details specified in the principle such as recycled water consumption.

Compliance Statement on Sustainability Principles
continued

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK	Company Compliance Status						
	Yes	Partial	No	Exempt	Not applicable	Related Links	Explanation
B23. The Company discloses whether its operations or activities is part of any carbon pricing mechanism (Emission Trade System, Cap & Trade, or Carbon Tax).					x	-	There is no active emission trade system in Turkey.
B24. The Company discloses data regarding carbon credit accumulated or bought in the reporting year.			x			-	Although there is no carbon credits bought within the reporting year, the Bank is evaluating to take action on this front in the upcoming period.
B25. If applicable, states details of carbon pricing in the corporate.					x	-	Carbon pricing is not applied.
B26. The Company announces all compulsory and voluntary platforms where it report its environmental data.		x				Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Environmental data has been provided in the Sustainability Report and CDP Climate Change Report. The Bank evaluates potential disclosure on various platforms.
C. SOCIAL PRINCIPLES							
C1. Human Rights and Employee Rights							
C1.1. The Company forms the Policy on Corporate Human Rights and Employee Rights, whereby total compliance with Universal Declaration of Human Rights, ILO agreements ratified by Turkey, and legal framework and legislation regulating human rights and business life in Turkey, is undertaken. Discloses publicly the said policy and roles and responsibilities regarding application thereof.			x			-	The Bank does not have Policy on Corporate Human Rights and Employees Rights, approved by the Board of Directors, formulation of this policy has been evaluated.
C1.2. The Company ensures equal opportunity in recruitment processes. Includes fair workforce, improvement of work standards, women employment and inclusion (such as no differentiation based on sex, religious belief, language, race, ethnic background, age, disability, immigration status) in its policies, taking into consideration supply and value chain effects.		x				Sustainability Related Policies: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-related-policies	QNB Finansbank respects the human rights of people impacted by its business and ensures dignity and equality for all, regardless of a persons' race, religion, gender, age or language. The Bank establishes a workplace in which employees are treated with fairness, equality and respect. This encompasses equal remuneration and development opportunities, grievance mechanisms, anti-discrimination, and ensuring the safety and security of its workforce. Moreover, the Bank expects its customers and suppliers to respect human rights. The Bank prohibits the use of child and forced labor in its workforce or throughout its supply chain. On the other hand, the Bank does not have Corporate Human Rights and Employee Rights Policy and Sustainable Supply Chain Policy, approved by the BoD.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK	Company Compliance Status						
	Yes	Partial	No	Exempt	Not applicable	Related Links	Explanation
C1.3. The Company states precautions taken along value chain regarding observation of certain parts of society sensitive to economic, environmental and social factors (such as low-income people, women, etc.) or minority rights/equality of opportunity.			x			-	The Bank works on precautions to cover the whole value chain and to formulate the relevant ESG policies.
C1.4. The Company reports developments regarding practices geared toward prevention and correction of discrimination, inequality, human rights violations and forced labor. It discloses regulations against child labor.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Actions action and preventive measures adopted are disclosed in relevant ESG policies, Sustainability Report and/or on Sustainability Section of the Bank's corporate website.
C1.5. The Company declares policies regarding investment in employees (training, development policies), compensation, side benefits, right to unionize, solution regarding work/life balance and talent management. It forms mechanisms regarding resolution of employee complaints and conflicts, and determines conflict resolution processes. The corporate discloses on a regular basis actions taken to ensure employee satisfaction.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports Annual Reports: https://www.qnbfinansbank.com/en/investor-relations/financial-information	They are disclosed in the relevant sections of the Annual Report and the Sustainability Report.
C1.6. The Company sets and publicly discloses policies on occupational health and safety. It discloses measures taken for protection against occupational hazards and accident statistics.		x				Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Bank's relevant policies have not been publicly disclosed, as Bank discloses measures taken for protection against occupational hazards and accident statistics in its Sustainability Report.
C1.7. The Company builds and publicly discloses policies on protection and security of personal information.		x				-	Bank's relevant policies have not been publicly disclosed.
C1.8. The Company sets and publicly discloses an Ethics Policy (including internal operations ethics, compliance processes, ads and marketing ethics, open disclosure etc. efforts).		x				-	Although there are different policies/procedures targeting the listed areas, there is no publicly available Ethics Policy covering all these areas.

Compliance Statement on Sustainability Principles
continued

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK	Company Compliance Status						
	Yes	Partial	No	Exempt	Not applicable	Related Links	Explanation
C1.9. The Company discloses efforts regarding social investment, social responsibility, financial inclusion and access to financing.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	They are disclosed in the relevant sections of the Sustainability Report.
C1.10. The Company organizes informative meetings and training programs for employees on ESG policies and applications.	x					-	In addition to general sustainability events and/or trainings to raise sustainability awareness, the Bank organizes informative meetings and trainings on specific ESG policies and applications and pays utmost care to incentivize participation of all relevant employees to these events.
C2. Stakeholders, International Standards and Initiatives							
C2.1. The Company carries out sustainability activities with a consideration of needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, society, and NGOs, etc.).	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	The Bank carries out its sustainability activities, taking into consideration of needs and priorities of all stakeholders.
C2.2. The Company builds and publicly discloses a customer satisfaction policy geared towards management and solution of customer complaints.		x				-	The Bank has not publicly disclosed its relevant policy and procedures.
C2.3. The Company carries out communication with stakeholders in a constant and transparent manner; discloses which stakeholders it has communicated for what purpose and the frequency thereof, in addition developments in sustainability activities.		x				Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	Although the Bank carries out communication with all of its stakeholders in a continuous and transparent manner, its related disclosures don't comprise the details speficied in the principle.
C2.4. The Company discloses publicly international reporting standards (such as carbon disclosure project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), etc.) it adheres to.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	The Bank discloses the international reporting standards used in its sustainability reportings.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK	Company Compliance Status						
	Yes	Partial	No	Exempt	Not applicable	Related Links	Explanation
C2.5. The Company discloses publicly international institutions or principles it is a signatory or member of (Equator Principles, United Nations Environment Programme Finance Initiative (UNEP-FI), United Nations Gobal Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI), etc.), and international principles it adheres to (such as International Capital Markets Association (ICMA)Green/ Sustainable Bonds Principles).	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	International institutions and principles, of which the Bank is a signatory or member are disclosed within Sustainability Report.
C2.6. The Company actively endeavors to participate in Borsa İstanbul Sustainability Index and international sustainability indices (such as Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices etc.).			x			-	Participation to the indices has been evaluated.
D. Corporate Governance Principles							
D1. The Company shows maximum effort to comply with mandatory Corporate Governance Principles as per Capital Markets Board Communique on Corporate Governance no. II-17.1 as well as all Corporate Governance Principles.	x					Annual Reports: https://www.qnbfinansbank.com/en/investor-relations/financial-information	The Bank shows maximum effrot to comply with all Corporate Governance Principles. Corporate Governance Compliance Reports has been released within Annual Report and on Public Disclosure Platform on an annual basis.
D2. The Company takes into consideration the matter of sustainability, environmental effects of its operations and relevant principles thereto, in determining its Corporate Governance strategy.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	In determining its Corporate Governance Strategy, the Bank takes into account recent developments in sustainability, national&international best practices, Bank's sustainability priorities, goals and performance.
D3. The Company takes necessary precautions to comply with principles relating to stakeholders and to strengthen communication with stakeholders, as stated in Corporate Governance Principles, and consults with stakeholders in determining sustainability measures and strategies.		x				-	In determining its sustainability measures and strategies, the Bank consults with stakesholders, and incentivizes their contributions to processes and strategies. The Bank does not have a Stakeholders' Policy approved by its Board of Directors.
D4. The Company strives for social responsibility projects, and raising awareness of sustainability and its significance through activities and training.	x					-	Bank organizes events, projects, and/or trainings targeting internal and external stakeholders in order to raise sustainability awareness.

Compliance Statement on Sustainability Principles
continued

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK	Company Compliance Status						
	Yes	Partial	No	Exempt	Not applicable	Related Links	Explanation
D5. The Company puts in effort to participate in and contribute to international standards and initiatives in sustainability.	x					Sustainability Reports: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-reports	The Bank prepares its sustainability report in accordance with GRI Standards: "Core Option" and Financial Services Sector disclosures. In 2019, the Bank joined The United Nations Global Compact (UNGC). The Bank's contribution to the United Nations Sustainable Development Goals (UN SDG's) is presented by its sustainability priorities being aligned with the UN's relevant Sustainable Development Goals. Bank's UN Communication on Progress (COP) Reports are included its its Sustainability Reports as well as on its Sustainability website to publicly share its contribution and support to UNGC's ten principles.
D6. The Company discloses anti-bribery and anti-corruption policies and programs as well as principle of honesty in terms of taxation.	x					Sustainability Related Policies: https://www.qnbfinansbank.com/en/about-qnb-finansbank/sustainability/sustainability-related-policies	QNB Finansbank adopts a zero-tolerance approach to bribery and corruption and commits to the highest standards of professionalism and integrity in all business dealings and relationships. The Bank implements and enforces effective processes, measures and systems to counter any form of corruption, money laundering and financing of criminal activity. The Bank encourages reporting through QNB Finansbank's confidential whistleblowing mechanism, to protect the Bank's image and reputation. Relevant policies are publicly available on the Policies Section of the Bank's website.

[1] ***Scope 1: Direct Emissions***

Emissions from the activities of an organisation or under their control.

- *Fuel Combustion (boilers, turbines, heaters, incinerators, engines, etc.)*
- *Mobile Combustion (automobiles, trucks, ships, planes, etc.)*
- *Process emissions (such as CO2 from calcination related to cement production, CO2 from process of catalytic cracking in petrochemicals industries, PFC (Perflorocarbon) emissions in aluminum melting)*
- *Fugitive emissions (leakages from equipment connections, waste water treatment facilities, cooling towers, and gas processing facilities, etc.)*

Scope 2: Indirect Emissions from Energy

Indirect Emissions from electricity, heat or steam purchased and used by the organization

Scope 3: Other Indirect Emisssions

Other than energy driven ones, greenhouse gas emissions resulted from corporate's operations and stemmed from greenhouse gas sources owned or controlled by another corporates

Additional Information on the Activities of the Bank

The Bank does not have a share repurchase program and has not bought back its own shares from the marketplace. The Bank's quarterly financial statements are subject to a limited review, whereas the annual financial statements are audited by an independent auditor. Moreover, the Bank is subject to constant surveillance under the scope of banking regulation and is subject to supervision of the Banking Regulation and Supervision Agency.

With regards to transactions carried out with the Bank's controlling main shareholder, namely Qatar National Bank Q.P.S.C. ("QNB"), and its related subsidiaries and affiliates, there exist no measures either taken in favour of the Bank or refrained from taken. Transactions and/or relevant legal deals among the group companies and related parties have been conducted on an arms-length principle and go through the regular procedures and principles as if they are conducted with an independent third party. There have been no actions taken to the detriment of the Bank either by the controlling main shareholder or its affiliates.

With regards to the Competition Board investigation, which had been initiated on 02.11.2011 and completed on 11.03.2013, against several banks including QNB Finansbank A.Ş., the Bank had paid an administrative fine in the amount of TL40.5 million. The annual action correspondingly filed by the Bank against the Competition Board resolution has finalized against the Bank. The Bank has applied to the Constitutional Court regarding such decision and the judicial process is still ongoing.

All legal transactions realized with the controlling company and other affiliated companies thereof, details of which are provided in the Affiliation Reports, have, to the best of the Bank's knowledge of circumstances and market conditions, been done so against compatible counter actions. No measures have been taken or avoided to be taken, and the Bank has suffered no damages. As a result of an inspection of financial transactions the Bank had realized with the controlling company and other affiliated companies thereof, as per Art. 199 of the Turkish Commercial Code, all transactions conducted by the Bank were compatible with ensuing market conditions and precedents, performed on an arms-length basis.

Risk Management

Evaluations of the Audit Committee on the Activities of Internal Control, Internal Audit and Risk Management Systems and Information About Their Activities in the Accounting Period

Evaluations of the Audit Committee on the Activities of Internal Control, Internal Audit and Risk Management Systems and Information about their Activities in the Accounting Period

The Audit Committee is established pursuant to the provisions of Banking Law No. 5411 and Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process (Regulation). Internal Audit, Risk Management and Internal Control and Compliance Departments of the internal functions report to the Audit Committee. The Audit Committee Office assists the Committee in fulfilling its duties and responsibilities.

Audit Committee is authorized, on behalf of the BoD, to supervise the effectiveness and adequacy of the Bank's internal systems, functioning of these systems as well as accounting and reporting systems in accordance with the Banking Law and applicable regulations, to ensure reliability and integrity of the information generated, to make necessary preliminary evaluations in selection of independent audit institutions and rating, valuation, support service institutions by the BoD. Moreover, it is responsible for regularly monitoring the activities of these institutions selected and contracted by the BoD and ensuring that internal audit activities of subsidiaries subject to consolidation as per relevant regulations of the Law are carried out in a consolidated manner and that such activities are in coordination with those of the Bank.

The Audit Committee convened seventeen times in 2021. Based on its observations and evaluations, the Audit Committee identified that the internal systems of the Bank were efficient and functioning as planned and internal controls systems were effective.

Moreover, the Audit Committee reviewed all support services procured by the Bank, ensured that necessary actions were taken to effectively manage the risks caused by these services and that the Bank complied with Regulation on Banks' Procurement of Support Services.

A summary of the activities performed by departments reporting to the Audit Committee is stated below.

Internal Audit Department:

The Internal Audit Department has accomplished its mission to support the Board to protect the Bank's assets, reputation and the sustainability of its activities in 2021. In order to ensure objectivity and independence required when undertaking this mission, audit engagements were carried out and reported functionally and administratively through Audit Committee to the Banks' Board of Directors.

In 2021, engagements were performed and progress was achieved related to execution of the annual audit plan, findings follow-up, performing the audits in accordance with international quality standards, conducting subject-based special examinations, reporting to internal and external stakeholders, contributing to the notion of risk in the audited areas and identifying areas for improvement, developing application areas in the QNB International Governance Model, improving Risk and Control Awareness program, and contributing to the Bank's strategies and actions after Covid-19.

During the pandemic period; the remote working model was implemented and the audit plan was carried out without any disruption, progress was achieved by applying data-oriented audit techniques over the data obtained from digital environment, and the effectiveness and efficiency of existing audit resources were increased with the adaptation of modern audit techniques and development-oriented e-trainings.

The Department maintains its activities with 76 personnel and its competent sources in terms of quality and quantity. 1 Chief Audit Executive and 2 Deputy Chief Audit Executive are assigned as the Department's management staff. Six specialized units in the Department are "Credit Processes and Businessline Audits", "Treasury, Financial, Risk Management and Model Audits", "Operational and Subsidiary Audits", "Branch Audits and Methodology", "Fraud and Special Investigations" and "IT Audits".

Internal auditors are encouraged to acquire professional certifications available in their field, which is a prerequisite for promotion. 32% of the personnel have a postgraduate degree. After the results of the 2021 certification exams, total number of certified employees in CIA (Certified Internal Auditor) is 10, CISA (Certified Information Systems Auditor) is 13, CRMA (Certification in Risk Management Assurance) is 1, CFE (Certified Fraud Examiner) is 9, and SMMM (Certified Public Accountant) is 3. Total number of certifications held by the employees of the Internal Audit Department is 68 and total number of employees obtaining certification is 27. According to the mentioned data, the rate of certified auditors of Internal Audit Department is 36% which is above the target limit of 20%.

According to International Internal Audit Standards of Institute of Internal Auditors (IIA), Internal Audit Department Activities should be subject to External Quality Assessment Reviews (QAR) once in every 5 years via an eligible and independent external organization. As it is required by the mentioned 5-year cycle, following the QAR received in 2013, another QAR was received in 2018 and Internal Audit Department compliance with Standards was certified by the independent audit company. Assurance provided by this certificate is continuously monitored.

QNB Finansbank Board of Directors are periodically informed about the activities of the department on a continuous basis via quarterly activity reports submitted through the Audit Committee. In the engagements carried out by the department in 2021, internal control system of audited areas was assessed under the framework of the annual audit plan which was prepared considering all risk exposures of the Bank.

The internal audit reports prepared as a result of the audit engagements carried out by the department are submitted to the Senior Management, Audit Committee and Board of Directors. Actions taken to remediate the identified findings are followed up and regularly reported by the department throughout the year.

Audit activities consist of Head Office units, branches, subsidiaries and information technologies processes audits. In addition to planned and unplanned audit engagements, 2021 activities covered incident-based investigations and inspections, participation in various projects and consultancy services.

In 2021, risk assessments of group affiliates and subsidiaries were considered and audits which should be carried out by the Internal Audit Department were determined and performed accordingly. In addition to engagements performed in coordination with the internal audit units of related companies, internal audit departments of group affiliates and subsidiaries conducted audits as well and the results were monitored by QNB Finansbank Internal Audit Department via quarterly activity reports, monthly monitoring forms and Governance, Risk and Control software system named RSA Archer. In addition, attention was paid in order to maintain that the audit methodology of these units remained in line with the audit methodology of QNB Finansbank Internal Audit Department.

In the Information Technologies area, threats, risks and the control environment over criteria such as confidentiality, integrity and accessibility of information are examined and evaluated and assurance was given regarding adequacy of the control environment. In addition to the information technologies audit engagements at QNB Finansbank group affiliates and subsidiaries, the department also monitors closely the effectiveness, adequacy and independence of internal audit control activities regarding information technologies and if required, provides necessary support to the units. Outsource companies, which provide services to information technologies, are also audited. Internal Audit Department utilizes computer assisted audit technologies, with use of these techniques various analytical queries can be run within the context of audit activities and if needed specific data or samples can be prepared for special use.

Governance, Risk and Control software system RSA Archer, which was deployed in the beginning of 2018, was used effectively for audit/investigation entries, follow-up activities and report preparation throughout the year.

Similarly, system use was implemented by Internal Audit Departments of the subsidiaries and methodological integration was strengthened as a consequence. In branch audits, a web-based audit application named FAST, which was developed by the Bank, is still in use. Through the application, branch audit team members can create audit records, upload work papers, enter findings and track their current statuses via online and secure web connection and they can extract audit reports automatically from the system.

Following the activities completed in 2021, the Internal Audit Department accomplished its goals by providing independent and objective assurance and consultancy services as in previous years and contributed to the regular, systematic and disciplined evaluation and improvement of effectiveness of corporate governance, risk management and internal control environment in order to improve and add value to the Bank's activities.

Internal Control and Compliance Department:
Reporting to the Audit Committee, the Internal Control and Compliance Department performed control activities to minimize the Bank's exposure to operational, regulatory and financial risks. The total number of personnel is 85.

A- Internal Control Division:
Internal control system of the Bank is designed and constructed in a way that assets of the Bank are safeguarded, daily transactions are handled in compliance with the rules, laws and regulations and the financial reporting systems are reliable, accurate and timely achievable.

As an important part of the internal control system, the Internal Control Division is responsible for carrying out control activities among the branches, subsidiaries and head-office units of the Bank. Remote and on-site control methods are used while performing second level controls.

Controllers are encouraged to acquire professional certifications from local and international institutions available in their field, which is a prerequisite for promotion. As of year-end 2021, total number of certifications in CIA (Certified Internal Auditor) is 3, CISA (Certified Information Systems Auditor) is 2, CRMA (Certification in Risk Management Assurance) is 6, CFE (Certified Fraud Examiner) is 2, SMMM (Certified Public Accountant) is 2, CMB-Level 3 (Capital Markets Board–Level 3) is 17, CMB–Derivatives (Capital Markets Board–Derivatives) is 6. With the others, total number of certifications held by the employees of the Internal Control Division is 54 and total number of employees obtaining certification is 32.

Periodic activity reports prepared as a result of the control engagements carried out by the Division are submitted to the Audit Committee quarterly. Besides, findings and related actions are followed continuously throughout the year and results are reported to the Senior Management and the Audit Committee of the Bank quarterly.

As of 2021 year-end, the total number of staff of Internal Control Division is 45. There are three units within Internal Control Division and responsibilities of these units are as follows:

Evaluations of the Audit Committee on the Activities of Internal Control, Internal Audit and Risk Management Systems and Information About Their Activities in the Accounting Period
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Branch & Subsidiary Controls Unit
All branches are visited at least once a year and on-site controls are conducted by reviewing the control points listed in a pre-defined checklist. The most recent samples are selected to see and evaluate the latest reflections of changes and the operating scheme of the branch. Findings are communicated to relevant units monthly and quarterly. Moreover, findings are uploaded monthly to Branch Finding Follow-Up application in order to be completed by relevant branches. In addition to branch controls, specifically defined controls are performed at OSDEMs (Operation Field Support Centers), which constitute a significant part of operational processes in branches. Additionally, the unit conducts remote controls regarding some specific products and services among other branch activities. Besides, compliance controls required by the CGF (Credit Guarantee Fund) from banks periodically are performed twice per year. As in branch controls, all financial subsidiaries of the bank are visited and controlled throughout the year according to the checklist prepared in collaboration with subsidiary management. Moreover, every quarter, action plans listed in periodic evaluation reports of outsource companies are followed-up and results are reported to the Audit Committee Office.

Head Office Controls Unit:
Teams of controllers who are specialized in different areas of banking undertake the Head Office control points prepared with business units considering compliance, operational and financial risks. Within this context, functions like accounting, financial control, loans and deposits, banking operations, treasury, cash management and credit card businesses are mainly controlled as a second level defense mechanism. Within the context of remote controls, some specific cases are monitored daily, weekly or monthly via data derived from the system.

In addition, in order to achieve full compliance with changing rules and regulations, announcements made by the Compliance Division are followed-up by Head Office Controls Unit to identify whether necessary actions are taken by business units. Moreover, action plans in the responses to regulatory agency reports are also followed up.

Information Technologies and Management Statement Controls Unit:
With respect to Information Technologies (IT); controls are carried out to comply with Regulation on Banks' Information Systems and Electronic Banking Services and also logical access rights to systems and physical access rights to Head Office and data center locations are reviewed, effectiveness of software development process is evaluated, and controls on data and system security are tested. Moreover, many periodic reviews are made regarding IT general controls.

Apart from these, the unit prepares the Management Statement report pursuant to relevant regulations. The methodology of this work is similar to external auditors' methodology and the scope includes both business and IT processes. The results are submitted to External Auditor after the report is approved and signed by the Board of Directors.

The unit also carries out ICOFR (Internal Controls Over Financial Reporting) engagements to be submitted to the independent audit firm of QNB Qatar on relevance and operability of the controls on business processes and information systems within the scope of the regulations of the Qatar Central Bank, which is the legal authority to which QNB Qatar is subject.

RSA Archer software, which is a joint platform for Internal Systems departments, is used for report entries and follow-up activities regarding the controls by Internal Control Division.

B- Compliance Division:
The Compliance Division determines and manages the risks related to financial losses as a result of the Bank's loss of reputation caused by noncompliance with the laws, regulations, Bank's processes and instructions. As of 2021 year-end, 10 personnel are employed in the Compliance Division.

The Compliance Division closely follows regulatory changes and ensures that the Bank's practices are updated accordingly by providing guidance and making announcements regarding such regulatory changes. Compliance responds to the questions posed by branches and Head Office units related to regulatory issues, and plays an active role by providing opinions and recommendations in the process of developing the banking products to be offered to customers. The Compliance Division also provides guidance to financial subsidiaries of the Bank regarding their own regulatory compliance engagements. Furthermore, the Compliance Division consults with regulatory and supervisory bodies.

Within the resolution process of the Board of Directors to launch new products and services, opinions and evaluations of Compliance are required in terms of complying with applicable regulations. The activities of Compliance in 2021 were performed within this broad area of responsibility.

Three units carry out compliance activities as stated below:

Banking Regulations Unit:
The unit issues circulars and announcements on new regulations and laws concerning the banking sector. The Unit approves nonstandard text of letters of guarantees, counter guarantees, standby letters of commitment and reference letters. The unit provides written and verbal consultancy to branches and head office departments. Manager of the unit represents the Bank as a member of the Foreign Exchange Regulations Working Group, established by the Banks Association of Turkey in order to analyze and provide solutions to any kind of sectoral problems related to foreign trade regulations. In addition,

Manager of the unit is a member of the ICC Guarantees Task Force, which works on international guarantees.

Regulatory Compliance Unit:
The unit reviews new products and campaigns, adverts and advertising materials on credit card, bank card, personal and commercial loan products and overdraft accounts, cash management products, digital transformation projects launched by related departments of the Bank and evaluates all marketing and sales texts, questions, processes and other information requests on these products in accordance with related regulations in effect and grant approval. Customer complaints on these topics received through regulatory authorities, auditor reports and response letter prepared within this scope are reviewed and, if necessary, related departments are advised to take appropriate actions. Also, unit provides mentorship to QNBeyond by evaluating compliance of projects and works in coordination with related units during establishment processes.

Capital Markets and Investment Products Compliance Unit:
The unit reviews and approves new products and campaigns, adverts and advertising materials on capital market instruments, investment, deposit and insurance products launched by related departments of the Bank and related matters in accordance with related regulations in effect. Unit is also responsible for supply chain compliance and harmonization of policy/procedure related engagements. Also, customer complaints on these topics received through regulatory authorities and replies are reviewed, prepared response letters are controlled and if necessary, related departments are advised to take appropriate actions. This unit also makes announcements to the Banks's relevant units about regulatory issues that fall under its job description including capital markets legislation as well as to financial subsidiaries, follows up penalties on topics that are in unit's responsibility fined to the Bank and its subsidiaries and performs control activities within the scope of Capital Markets regulations with regards to insider trading and market manipulation. The unit gives opinion on whether outsource services procured by the Bank are "support services" and/or "external services" or not.

C- Financial Crime Compliance Department (FCC):
Main responsibilities of the FCC Department is to ensure compliance with national and international laws, regulations and international standards and to prevent the Bank from being an intermediary in the laundering of criminal proceeds and financing of terrorism and to carry out control activities within this scope in order to mitigate the risk of the Bank being used to facilitate financial crimes, and to conduct fraud-based scenario analysis to prevent/detect fraud and to assess fraud risks through newly established Fraud Control Unit. As of the end of 2021, 25 people are employed in the department.

Department activities are carried out by four units as stated below:

Anti-Money Laundering & Combating Financing of Terrorism (AML/CFT) Unit:
AML/CFT Unit is responsible for following up amendments in local and international regulations within the framework and informs employees regarding amendments on the AML/CFT and sanctions issues. In addition, this unit conducts face-to-face trainings and e-learning activities and reports suspicious transactions to Financial Crimes Investigation Board (MASAK).

Suspicious Transactions Monitoring & Analytics Unit:
The unit is responsible for monitoring activities, making assessments and implementing the systems, and conducting analytical engagements in order to detect suspicious transactions as required by local and international regulations.

Sanctions & KYC Unit:
This unit is responsible for performing the blacklist and sanctions controls in financial activities as well as evaluating and managing customer due diligence operations.

Fraud Control Unit:
The main objectives of the unit are establishing a fraud control framework within the Bank and conducting efforts to manage and reduce fraud risk. To this end, process evaluation engagements related to the activities of the Bank's units are also carried out within the framework of fraud risk. In addition, conducting scenario analysis for detection of internal fraud, adapting the policies of QNB within the framework of fraud risk to the Bank, making regular reporting to Senior Management and QNB, providing training to Bank personnel and raising fraud awareness are also among the responsibilities of the unit.

On the other hand, investigations regarding fraud incidents of certain criteria reported by the business units of the Bank can be conducted within the unit. Following necessary investigations and analysis conducted by the unit, required actions and improvements that will prevent the repetition of similar fraud cases are followed up in coordination with the Internal Audit Department.

D- Data Protection Unit:
The unit is responsible for ensuring that all activities and processes comply with the legislation in accordance with the Law on Protection of Personal Data No. 6698 and secondary regulations. Requests/complaints from official institutions and customers to the Bank are reviewed and answered, the data inventory is kept up-to-date, technical and administrative measures are followed, explicit consent and informing texts are harmonized with the processes, periodic data deletion studies are carried out every 6 months, compliance with the legislation and examinations are carried out to detect data breaches.

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Risk Management:
Risk Management is responsible for monitoring and managing all potential risks for the Bank in a centralized and efficiently coordinated manner. The primary goal of Risk Management is to provide appropriate capital allocation (economic capital) to business lines for risks they are exposed to and increase value-added by maximizing risk adjusted return on capital.

Organizational Structure:
Risk management governance at the Bank starts with the Board of Directors. The Board's Risk Committee, Asset-Liability Committee (ALCO), Corporate and Retail Management Risk Committees (CPC), Operational Risk Management Committee (ORMC), Reputational Risk Management Committee (RRMC), Data Security Committee and the Risk Management Department are important bodies of the risk management structure at QNB Finansbank.

The Board of Directors is responsible for determining general risk policy and risk appetite of the Bank. The Risk Committee defines risk policies and strategies, reviews all types of risks the Bank is exposed to in its monthly meetings, monitors implementation of risk management strategies, and brings important risk issues to the attention of the Board.

The ALCO, meeting monthly, monitors and manages the structural asset liability mismatch of the Bank. It also monitors and controls liquidity risk and foreign currency exchange risk.

Credit Management Risk Committee meets monthly and is responsible for monitoring and evaluating the Bank's lending portfolio and determining principles and policies related to credit risk management processes, such as loan approval, limit setting, rating, monitoring and problem management. The ORMC, also meeting quarterly, reviews the operational risk issues of the Bank and defines the necessary actions to be taken to minimize these risks. Reputational Risk Management Committee (RRMC) is established in order to define, evaluate and monitor the reputational risk subjected by QNB Finansbank and to ensure that required actions are taken for prevention of such risks.

QNB Finansbank Risk Management Department works independently from executive management and reports to the Board of Directors through Audit Committee. Market Risk, Credit Risk Management, and Operational Risk Management Units are responsible for identification, monitoring and managing of all related risks. The Model Validation Unit is responsible for validation of risk measurement and credit rating/scoring models as well as assessment of performance.

Market Risk Management:
Market Risk arises due to positions in the trading book, including trading securities, open currency position and all derivatives excluding transactions done for hedging purposes, taken by the Bank with the intention of benefiting in the short term from actual and/or expected differences between their buying and selling prices or interest rate variations. Market risk stems from the uncertainty concerning changes in market prices and rates (including interest rates, equity and bond prices and foreign exchange rates), and their levels of volatility. QNB Finansbank seeks to identify, estimate, monitor and manage these risks effectively through a framework of principles, measurement processes and a valid set of limits that apply to all of QNB Finansbank's transactions.

A set of market risk limits are defined, based on Value at Risk (VaR), nominal position, present value basis point and option greeks, in order to manage market risk efficiently and to keep market risk within desired limits. In addition to these limits, the Bank defines warning levels for certain limit types, to allow a process of review, analysis, and consultation in order to take preventive actions, prevent limit breaches, and limit possible losses. The limits are monitored on a daily basis by the Risk Management Department. VaR results are supported by regular stress testing and scenario analyses.

QNB Finansbank calculates the regulatory capital requirement for market risk using the standardized method within the framework of BRSA guidelines on a monthly basis. The methodology used for calculation of capital requirements for general market risk and specific risk is determined by the BRSA. In addition, parallel to best practices, VaR is measured daily. VaR, which is a measure of the maximum potential loss on the trading portfolio, is calculated using the historical simulation method with a 99% confidence level and one-day holding period.

While the VaR approach provides a forecast for possible losses within the last one-year market conditions, it cannot predict contingent losses under extreme conditions. Hence, the VaR approach is complemented by stress testing in order to incorporate possible extreme market movements. Stress tests simulate the impacts of crises, extreme market conditions and major changes in correlations and volatilities.

The Bank uses back-testing to verify the predictive power of value at risk calculations. In back testing, theoretical gains/losses calculated by VAR on positions at closure of each business day is compared with the actual gains/ losses arising on these positions on the next business day. The assumption of the VaR model is reviewed and revised, if such a need occurs as a result of the back-testing procedure.

Interest Rate Risk:
The Bank is exposed to structural interest rate risk resulting from differences in timing of rate changes and timing of cash flows that occur in the pricing and maturity of a bank's assets and liabilities. The Bank defines Policy for the Management of Interest Rate Risk of Banking Book (IRRBB). According to the policy, interest rate risk is calculated for the banking book, which includes all portfolios except the trading book.

Even though the Bank is exposed to structural interest rate risk on its balance sheet due to the nature of its existing activities, the policy ensures that all positions are monitored effectively and the risk stays within pre-defined limits.

The Asset-Liability Committee (ALCO) aims to protect the economic value of equity while sustaining a stable earnings profile. Duration GAP analyses, which rely on calculations of net discounted future cash flows of interest rate sensitive balance sheet items, are conducted to manage this risk. Moreover, the Bank runs net economic value sensitivity scenarios with changes in interest rates and interest rate margins, to calculate their impact on net economic value.

The Bank utilizes scenario analysis in order to evaluate the impact of interest rate change on net economic value. Standard interest shocks are determined in accordance with the Basel regulation. Moreover, various historical crisis financial turmoil scenarios including reverse stress test, are simulated in order to measure the Bank's sustainability against severe interest rate shocks.

Liquidity Risk:
Liquidity risk is defined as the current or prospective risk to earnings and capital arising from the Bank's inability to meet its liabilities -because of its balance sheet structure or market movements- when they are due. QNB Finansbank aims to control its 'cash and available funding sources/deposits' ratio within limits. In addition to early warning indicators, survival horizon under different stress levels and actions planned under liquidity crises are defined in the Bank's "Liquidity Contingency Plan".

Within the scope of the Basel III accord, "short-term liquidity coverage ratio" and "net stable funding ratio," to measure long-term liquidity, are calculated. Liquidity coverage ratio and net stable funding ratio are monitored on a daily and monthly basis, respectively.

Credit Risk Management:
Credit risk is defined as the current or prospective risk to earnings and capital arising from an obligor's failure to meet the terms of any contract with the institution or otherwise fail to perform as agreed. The aim of credit risk management is to maximize the Bank's risk adjusted rate of return by maintaining the credit risk exposure within acceptable limits defined by the risk strategy document.

Credit Risk Management is embedded into the end-to-end credit processes of the Bank. While the underwriting units are responsible for day-to-day management of the credit risk, the Board of Directors controls the complete lending process by approving the lending criteria, credit risk policies and delegating authorities depending on the type of the product through Credit Policy Committees. The responsibility of Credit Risk Management Unit is establishment of effective and efficient internal policy, procedure and methodologies for definition, quantification, measurement, control and reporting of the credit risks.

The Credit Risk Management Unit performs internal and external reporting of credit risk in an appropriate way for different audiences. The Bank's Board Risk Committee monitors a comprehensive list of credit risk metrics and risk-based performance measures of credit portfolios on a monthly basis. In case of any mismatch between risk profile and risk appetite of the Bank, necessary measures are taken immediately to make sure that the portfolio credit quality of the Bank complies with the defined risk appetite.

The Credit Risk Management Unit is also responsible for the capital management process, which includes compliance with regulatory capital requirements and establishment of the Bank's policies, processes, methods and systems relating to Internal Capital Adequacy Assessment Process (ICAAP). This process involves calculation, projection and analysis of legal and economic capital requirements necessitated by yearly and long-term business plans of the Bank.

The Bank has traditionally put great emphasis on the strength of its capital base to maintain investor, creditor and market confidence and to sustain future business development. In line with this point of view, the ICAAP framework is designed to ensure that the Bank has sufficient capital resources to meet the regulatory capital requirements, and that it has available capital in line with its own risk appetite and internal guidelines.

In addition, the unit develops credit risk parameter estimation models to be used for Expected Credit Loss calculations within the scope of IFRS 9, calculates and reports the provisions to be allocated for Expected Credit Loss.

Operational Risk and Business Continuity Management:
Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The Operational Risk and Business Continuity Management Unit is responsible for identifying, measuring, monitoring and managing all risks under the scope of operational risk as well as Business Continuity Management. Activity-process based operational risks are identified through Risk Control Self-Assessment and classified by cause, event and effect categories as proposed by Basel II and actions are taken for severe risks. Operational loss data collection process, which began in January 2005, continues. While

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loss data is accumulated to provide meaningful statistical data, business processes, where improvements are required, are defined based on the results and all necessary actions for improvement are taken. Key Risk Indicators are defined and monitored regularly for severe risks. A robust operational risk management process and methodology is implemented.

The Bank has also prepared and implemented a Business Continuity Management Plan, in order to minimize losses due to business disruption. In addition, the Bank performs the comprehensive annual test of Disaster Recovery Center with participation of business units and IT Department.

Model Validation:
QNB Finansbank's Model Validation Unit is responsible for validation of the risk models before they are implemented on the Bank's scale. The validity of the models regarding credit risk, market risk, IFRS 9 and ICAAP are assessed by the Model Validation Unit through qualitative and quantitative tests in terms of data quality, methodology, performance, and the compatibility with legal requirements and best practices.

Once the above-mentioned models are implemented, their performances under changing macroeconomic conditions, Bank's portfolio and risk appetite are monitored and reported on an ongoing basis via performance and stability tests.

Audit Committee Office:
Established in 2011, the Audit Committee Office provides the services required for effective working of the Committee. The Office is responsible for reviewing and presenting to the Committee members reports concerning the Committee, monitoring Committee meetings, archiving all documents regarding the work carried out, coordination and follow-up of the support service activities, obtaining resource adequacy and independence statements from Independent Audit and Valuation companies and independence statements from the Bank's senior management regarding these companies, following up the implementation of the Committee decisions, reporting the Committee activities to the Board of Directors, and performing other duties assigned by the Committee.

Related Party Transactions

Regardless of the nature of transactions, relations with companies in the risk group of and controlled by the Bank, are conducted in the scope of a bank-client relationship and in compliance with the Banking Law and prevailing market conditions.

Type, amount and rate of transactions to total transactions as well as the structure, amount and rate of main items, pricing policy and other terms in the transactions with the risk group companies are set on an arms-length basis and based on prevailing market conditions.

As of 31 December, 2021, cash loans granted to risk group composed 1.0% of the Bank’s total loans, deposits obtained from risk group composed 0.7% of the Bank’s total customer deposits.

Bank engages in transactions involving the purchase and sale of real-estate and other assets and services, agency contracts, leasing contracts, transfer of data obtained from research and development activities, license contracts, financing (including loans and cash or in-kind capital contributions), guarantees and collaterals, management contracts with the companies with its related parties. Besides, Bank has a financial leasing agreement with QNB Finans Leasing (QNB Finans Finansal Kiralama A.Ş.), and net leasing payables incurred from these contracts amounted to TL10.2 million as of 31 December, 2021.

The Bank entered into a contract with IBTech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş. for research, development, and consultancy services.

The Bank receives cash transfer services from its 33.3% subsidiary, Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş..

The Bank provides agency services to Cigna Health, Life and Pension (Cigna Sağlık, Hayat ve Emeklilik A.Ş.), which is a joint venture of the Bank with a 49% stake.

Information on Outsourced Service Groups and the Institutions Supplying Outsourced Services

Support services were procured within the scope of Regulation on Banks' Procurement of Support Services in 2021 under the following service groups.

Service Groups	Suppliers
Archive Service	Iron Mountain Arşivleme Hizmetleri A.Ş.
IT Services	Acerpro Bilişim Teknolojileri A.Ş. Atos Bilişim Danışmanlık A.Ş. (Subcontractor of Atos Müşteri Hizmetleri A.Ş.) Bilişim Bilgisayar Hizmetleri A.Ş. (Banksoft) Defensein Siber Savunma ve Araştırma Ltd. Şti. eFinans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş. Etcbase Yazılım ve Bil. Teknolojileri A.Ş. IBTech Uluslararası Bilişim ve İletişim Tekn. Ar-Ge Danışmanlık Destek San. ve Tic. A. Ş. Matriks Bilgi Dağıtım Hizmetleri A.Ş. Vega Bilgisayar Hizmetleri Ltd. Şti.
Security Service	MGS Merkezi Güvenlik Sistemleri San. Tic. A.Ş. Tepe Savunma ve Güvenlik Sistemleri Sanayi A.Ş.
Mortgage Service	Fu Gayrimenkul Yatırım Danışmanlık A.Ş.
Card Printing	Austria Card Turkey Kart Operasyonları A.Ş.
Courier	AGT Hızlı Kurye Hizmetleri A.Ş. Posta ve Telgraf Teşkilatı A.Ş. (PTT)
Cash and Valuables Transfer	Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. Brink's Güvenlik Hizmetleri A.Ş.
Marketing, Sales, Operational Support	Atos Müşteri Hizmetleri A.Ş. Bilge Adam Bilgisayar ve Eğitim Hizmetleri San. A.Ş. Cigna Sağlık Hayat ve Emeklilik A.Ş. CPP Sigorta Aracılık Hizmetleri A.Ş. CPP Yardım ve Destek Hizmetleri A.Ş. (Subcontractor of CPP Sigorta Aracılık Hizmetleri A.Ş.) Faturalab Elektronik Ticaret ve Bilişim Hizmetleri A.Ş. Webhelp Çağrı Merkezi ve Müşteri Hizmetleri A.Ş. (Subcontractor of eFinans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.)
Marketing, Sales, Operational Support and Collection Service	CMC İletişim ve Çağrı Merkezi Hizmetleri A.Ş. Webhelp Çağrı Merkezi ve Müşteri Hizmetleri A.Ş.
Personnel Selection and Temporary Personnel Employment	Adecco Hizmet ve Danışmanlık A.Ş.
POS Service	Bilişim Bilgisayar Hizmetleri A.Ş. (Banksoft) Payten Teknoloji A.Ş. Verifone Elektronik ve Danışmanlık Ltd. Şti.
Collection Service	Global Bilgi Pazarlama Danışma ve Çağrı Servisi Hizmetleri A.Ş.

Financial Reports

To the General Assembly of QNB Finansbank A.Ş.:

A. Audit of the Unconsolidated Financial Statements

1. Opinion

For the accounting period ending on the same date as the unconsolidated balance sheet of QNB Finansbank A.Ş. ("The Bank") as of 31 December 2021; we have audited the unconsolidated financial statements, which consist of the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows, and the notes to the unconsolidated financial statements, including a summary of significant accounting policies.

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

2. Basis for Opinion

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (Including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the unconsolidated 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 during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

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

Key Audit Matter	How the matter is addressed in our audit
Impairment of loans determined within the framework of TFRS 9 The Bank has total expected credit losses for loans amounting to TL12,121,143 thousand in respect to total loans amounting to TL212,743,754 thousand which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2021. Explanations and footnotes regarding the provision for impairment of loans are included in Notes VIII of Section Three and 1.6. of Section Five of the accompanying unconsolidated financial statements as of 31 December 2021. In accordance with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" published in the Official Gazette dated 22 June 2016 and numbered 29750, the Bank allocates provisions for impairment in accordance with the provisions of the "TFRS 9 Financial Instruments Standard". TFRS 9 is a complex accounting standard that requires significant judgement and interpretation in practice. These judgements and interpretations are key in developing financial models applied to measure expected credit losses on loans measured at amortized cost. In addition, a large amount of data obtained from more than one system is needed to operate the models created, and the completeness and accuracy of this data is key in determining expected credit losses. The expected loss allowance for loans, including management's best estimates and past loss experience as of the balance sheet date, collectively for similar loan portfolios; for important loans, they are evaluated on an individual basis. Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their characteristics (staging) and the importance of determination of the associated expected credit loss. Correct classification of the loans and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.	With respect to stage classification of loans and calculation of expected credit losses in accordance with TFRS 9, we have assessed policy, procedure and management principles of the Bank within the scope of our audit. We tested the design and the operating effectiveness of relevant controls implemented in accordance with these principles. We checked appropriateness of matters considered in methodology applied by the Bank for staging of loans and calculation of the provision amount. For forward looking assumptions by the Bank's management in its expected credit losses calculations, we held discussions with management, evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, exposure at default model, loss given default model, and approaches in relation to projection of macroeconomic expectations with our financial risk experts. We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors). Our procedures also included the following: • Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used. • For a sample of exposures, we checked the accuracy of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flowsand the resultant arithmetical calculations. • We checked the calculation of the Loss Given Default (LGD) used by the Bank in the expected credit losses calculations, and tested collaterals, recovery and costs in addition to arithmetical calculations. • For a selected sample, we checked expected credit losses determined based on individual assessment per Bank's policy by means of supporting data, and evaluated appropriateness via communications with management. • We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists. • We checked accuracy of expected credit losses calculations. • To assess appropriateness of the Bank's determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample. • We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Bank with respect to loans and related impairment provisions.

4. Other Matters

4.1. The unconsolidated financial statements of the Bank as at 31 December 2020 were audited by another auditor whose report dated 28 January 2021 expressed an unqualified opinion.

4.2. Within the scope of our independent audit of the unconsolidated financial statements for the accounting period ending on 31 December 2021, we also included the adjustments, which explained in Explanation on Other Matters in Note XXVI of the Third Section Accounting Policies, made to change the unconsolidated financial statements for the accounting period ending 31 December 2020. In our opinion, these corrections are appropriate and have been applied correctly. Apart from the aforementioned adjustments, we were not assigned to carry out the independent audit, limited independent audit or any procedure regarding the financial statements of the Bank for the accounting period ended 31 December 2020, as a whole, the unconsolidated financial statements for the year ended 31 December 2020. We do not express an audit opinion or other assurance on the statements.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement in the 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.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 independent auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

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

Additional Paragraph for Convenience Translation

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying 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.

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

Talar Gül, SMMM
Partner
İstanbul, 2 February 2022

QNB Finansbank Anonim Şirketi'nin
The Unconsolidated Financial Report of QNB Finansbank A.Ş.
For the Year Ended 31 December 2021

The Bank's;

Address of the head office	:	Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli - İSTANBUL
Phone number	:	(0 212) 318 50 00
Facsimile number	:	(0 212) 318 56 48
Web page	:	www.qnbfinansbank.com
E-mail address	:	investor.relations@qnbfinansbank.com

The unconsolidated financial report for the year ended, designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections below:

- General Information about the Bank
- Unconsolidated Fınancial Statements of the Bank
- Explanations On Accounting Policies of the Bank
- Information On Financial Structure And Risk Management of the Bank
- Footnotes and Explanations on Unconsolidated Financial Statements
- Other Explanations
- Independent Audit Report

The accompanying unconsolidated financial statements and related disclosures and footnotes for the nine-month period are prepared and reviewed in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances, and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying unconsolidated financial statements are presented in **thousands of Turkish Lira (TL).**

Mehmet Ömer Arif Aras
Chairperson of
the Board of Directors

Ali Teoman Kerman
Member of the Board of
Directors and Chairperson of the
Audit Committee

Ramzi T.A. Mari
Member of the Board of
Directors and of the
Audit Committee

Noor Mohd J. A. Al-Naimi
Members of the Board of
Directors and of the Audit Committee

Durmuş Ali Kuzu
Members of the Board of
Directors and of the Audit Committee

Osman Ömür Tan
General Manager
And Member of the Board of Directors

Adnan Menderes Yayla
Executive Vice President
Responsible for Financial Control and Planning

Ercan Sakarya
Director of Financial, Statutory Reporting
and Treasuary Control

Information related to the responsible personnel to whom the questions about the financial report can be communicated:

Name-Surname/Title	:	Elif Akan / Financial Reporting Manager
Phone Number	:	(0 212) 318 57 80
Facsimile Number	:	(0 212) 318 55 78

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SECTION ONE

GENERAL INFORMATION

I. Explanatory Note on the Establishment Date, Nature of Activities and History of the Bank

QNB Finansbank Anonim Şirketi ("the Bank") was incorporated in Istanbul on 23 September 1987. The Bank's shares have been listed on the Borsa Istanbul ("BIST") (formerly known as Istanbul Stock Exchange ("ISE") since 1990.

II. Information About the Bank's Shareholding Structure, Shareholders Who Individually or Jointly Have Power to Control The Management and Audit Directly or Indirectly, Changes Regarding These Subjects During the Year, If Any, And Information About the Controlling Group of The Bank

A share sales agreement has been concluded between National Bank of Greece S.A. (NBG), principal shareholder of the Bank in previous periods, and Qatar National Bank Q.P.S.C. ("QNB") regarding the direct or indirect sales of NBG's shares, owned by affiliates and current associations of the Bank, at the rate of 99.81% to QNB at a price of EUR2,750 million as of 21 December 2015. On
7 April 2016, BRSA permitted to transfer shares at ratios of 82.23%, 7.90%, 9.68% owned by National Bank of Greece S.A., NBGI Holdings B.V. and NBG Finance (Dollar) PLC respectively in the capital of the Bank to Qatar National Bank S.A.Q. in the framework of paragraph 1 of article 18 of Banking Law and dropping direct share of National Bank of Greece S.A. to 0% through the aforementioned share transfer. Necessary permissions related to share transfer have been completed on 4 May 2016 before the Competition Authority while permission transactions regarding direct/indirect share ownership which shall realize in related affiliates of the Bank (QNB Finans Yatırım Menkul Değerler A.Ş., QNB Finans Portföy Yönetimi A.Ş., QNB Finans Finansal Kiralama A.Ş. and Cigna Sağlık, Hayat ve Emeklilik A.Ş.). Before the related official bodies on 12 May 2016 and share transfer of the Bank has been completed on 15 June 2016.

The Bank has decided to change the logo and the name of the company within the scope of the main shareholder change and brand strategies the new logo and the company name of The Bank has started to be used as "QNB FİNANSBANK" as of 24 October 2016 and the company name started to be used with the registration of the General Assembly Resolution dated 24 November 2016 on 30 November 2016. According to the decision dated 17 January 2018 which was taken by the General Assembly. The Bank's trade name is changed from "FİNANS BANK A.Ş" to "QNB FİNANSBANK A.Ş" as of 19 January 2018.

99.88% of shares of QNB Finansbank A.Ş. are controlled by Qatar National Bank as of 31 December 2021 and remaining 0.12% of related shares are public shares.

50% of QNB shares, which is the first commercial bank of Qatar founded in 1964 and has been traded at Qatar Stock Exchange since 1997, are owned by Qatar Investment Authority while 50% of related shares are public shares. QNB is operating over 30 countries mainly in Middle East and North Africa Regions as well as being the biggest bank of Qatar. Also with respect to total assets, total credits and total deposits QNB is the biggest bank of Middle East and North Africa.

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

III. Information About the Chairperson and Members of Board of Directors, Members of Audit Committee, Managing Directors and Executive Vice Presidents; Any Changes, and the Information About the Bank Shares They Hold and Their Responsibilities

Name	Titles	Date of Appointment	Education
Dr. Ömer A. Aras	Chairperson	16 April 2010	PhD
Sinan Şahinbaş	Deputy Chairperson and Executive Member	16 April 2010	Masters
Ali Teoman Kerman	Board Member and Chairperson of the Audit Committee	16 April 2013	Masters
Ramzi T. A. Mari	Board Member and Audit Committee Member	16 June 2016	Masters
Fatma Abdulla S.S. Al-Suwaidi	Board Member	16 June 2016	Masters
Durmuş Ali Kuzu	Board Member and Audit Committee Member	25 August 2016	PhD
Temel Güzeloğlu(*)	Board Member and General Manager	16 April 2010	Masters
Yousef Mahmoud H. N. Al-Neama	Board Member	28 May 2019	Graduate
Doç. Dr. Osman Reha Yolalan	Board Member	16 June 2016	PhD
Adel Ali M. A. Al-Malki	Board Member	28 May 2019	Graduate
Noor Mohd J. A. Al-Naimi	Board Member and Audit Committee Member	22 June 2017	Graduate
Adnan Menderes Yayla	Executive Vice President	20 May 2008	Masters
Köksal Çoban	Executive Vice President	19 August 2008	Masters
Dr. Mehmet Kürşad Demirkol	Executive Vice President	8 October 2010	PhD
Erkin Aydın	Executive Vice President	16 May 2011	Masters
Ömür Tan(*)	Executive Vice President	28 October 2011	Masters
Halim Ersun Bilgici	Executive Vice President	15 March 2013	Masters
Enis Kurtoğlu	Executive Vice President	14 May 2015	Masters
Murat Koraş	Executive Vice President	14 May 2015	Masters
Engin Turhan	Executive Vice President	14 June 2016	Masters
Cumhur Türkmen	Executive Vice President	11 June 2018	Graduate
Cenk Akıncılar	Executive Vice President	21 January 2019	Graduate
Burçin Dündar Tüzün	Executive Vice President	1 December 2019	Masters
Zeynep Kulalar	Executive Vice President	1 December 2019	Graduate
Derya Düner	Executive Vice President	1 January 2020	Graduate
Ali Yılmaz	Executive Vice President	1 January 2020	Masters
Ahmet Erzengin	Head of the Department of Internal Control and Compliance	12 September 2012	Graduate
Ersin Emir	Head of Internal Audit	18 February 2011	Masters
Zeynep Aydın Demirkıran	Head of Risk Management	16 September 2011	Masters

The top level management listed above possesses immaterial number of shares of the Bank

(*) Ömür Tan, who became Executive Vice President on 31 December 2021, has been appointed as a Member of the Board of Directors and General Manager as of 1 January 2022. Temel Güzeloğlu, who was a Member of the Board of Directors and General Manager at the reporting date, has been serving as a member of the Board of Directors since 1 January 2022.

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

IV. Information About the Persons and Institutions That Have Qualified Shares

Name Surname/Trade Name	Amount of Shares	Percentage of Shares	Paid-up Shares	Unpaid Shares
Qatar National Bank Q.P.S.C. ("QNB")	3,345,892	99.88%	3,345,892	-
Other	4,108	0.12%	4,108	-

V. Explanations on The Bank's Services and Activities

The Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets and securities operations and credit card operations. In addition, the Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of 31 December 2021, the Bank operates through 442 domestic (31 December 2020 - 473), 1 abroad (31 December 2020 - 1) and 1 Atatürk Airport Free Trade Zone (31 December 2020 - 1) branches. As of 31 December 2021, the Bank has 10,944 employees (31 December 2020 - 11,111 employees).

VI. The Existing Current or Likely Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts Between the Bank and its Subsidiaries

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

QNB Finansbank Anonim Şirketi
Unconsolidated Statements of Balance Sheet - Assets (Statement of Financial Position)
For the year ended 31 December 2021

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

I. BALANCE SHEET - ASSETS

			Current Period 31.12.2021			Audited Prior Period 31.12.2020		
		Section 5 Part I	TL	FC	TOTAL	TL	FC	TOTAL
I.	**FINANCIAL ASSETS (NET)**		**36,875,476**	**91,014,591**	**127,890,067**	**15,767,544**	**38,536,436**	**54,303,980**
1.1.	**Cash and Cash Equivalents**		**7,426,349**	**78,137,381**	**85,563,730**	**2,743,414**	**26,458,913**	**29,202,327**
1.1.1.	Cash and Balances with Central Bank	(1)	7,436,280	62,858,291	70,294,571	2,505,740	24,900,717	27,406,457
1.1.2.	Banks	(3)	822	15,119,582	15,120,404	1,117	1,465,586	1,466,703
1.1.3.	Money Markets	(4)	-	159,508	159,508	250,124	92,610	342,734
1.1.4.	Expected Credit Losses (-)		10,753	-	10,753	13,567	-	13,567
1.2.	**Financial Assets at Fair Value Through Profit or Loss**	**(2)**	**181,903**	**499,454**	**681,357**	**237,865**	**333,073**	**570,938**
1.2.1.	Government Debt Securities		101,865	64,122	165,987	202,789	87,413	290,202
1.2.2.	Equity Securities		47,353	-	47,353	25,099	-	25,099
1.2.3.	Other Financial Assets		32,685	435,332	468,017	9,977	245,660	255,637
1.3.	**Financial Assets at Fair Value Through Other Comprehensive Income**	**(5)**	**9,633,009**	**10,008,077**	**19,641,086**	**5,800,847**	**9,380,242**	**15,181,089**
1.3.1.	Government Debt Securities		9,625,335	10,008,077	19,633,412	5,793,173	9,380,242	15,173,415
1.3.2.	Equity Securities		7,674	-	7,674	7,674	-	7,674
1.3.3.	Other Financial Assets		-	-	-	-	-	-
1.4.	**Derivative Financial Assets**	**(12)**	**19,634,215**	**2,369,679**	**22,003,894**	**6,985,418**	**2,364,208**	**9,349,626**
1.4.1.	Derivative Financial Assets at Fair Value Through Profit/Loss		16,419,234	2,225,197	18,644,431	5,842,408	2,106,532	7,948,940
1.4.2.	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		3,214,981	144,482	3,359,463	1,143,010	257,676	1,400,686
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)**		**132,561,876**	**97,907,918**	**230,469,794**	**102,376,171**	**54,959,411**	**157,335,582**
2.1.	**Loans**	**(6)**	**129,816,752**	**82,927,002**	**212,743,754**	**103,582,764**	**45,775,688**	**149,358,452**
2.2.	**Lease Receivables**	**(11)**	**-**	**-**	**-**	**-**	**-**	**-**
2.3.	**Factoring Receivables**		**-**	**-**	**-**	**-**	**-**	**-**
2.4.	**Other Financial Assets Measured at Amortized Cost**	**(7)**	**14,876,060**	**14,980,916**	**29,856,976**	**9,559,633**	**9,183,723**	**18,743,356**
2.4.1.	Public Sector Debt Securities		14,876,060	14,417,974	29,294,034	9,559,633	8,621,942	18,181,575
2.4.2.	Other Financial Assets		-	562,942	562,942	-	561,781	561,781
2.5.	**Expected Credit Losses (-)**		**12,130,936**	**-**	**12,130,936**	**10,766,226**	**-**	**10,766,226**
III.	**PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)**	**(15)**	**-**	**-**	**-**	**-**	**-**	**-**
3.1.	Held for Sale Purpose		-	-	-	-	-	-
3.2.	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**EQUITY INVESTMENTS**		**2,400,164**	**-**	**2,400,164**	**1,883,297**	**-**	**1,883,297**
4.1.	**Investments in Associates (Net)**	**(8)**	**14,026**	**-**	**14,026**	**14,026**	**-**	**14,026**
4.1.1.	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2.	Unconsolidated Associates		14,026	-	14,026	14,026	-	14,026
4.2.	**Subsidiaries (Net)**	**(9)**	**2,167,844**	**-**	**2,167,844**	**1,683,416**	**-**	**1,683,416**
4.2.1.	Unconsolidated Financial Subsidiaries		2,129,798	-	2,129,798	1,645,370	-	1,645,370
4.2.2.	Unconsolidated Non-Financial Subsidiaries		38,046	-	38,046	38,046	-	38,046
4.3.	**Joint Ventures (Net)**	**(10)**	**218,294**	**-**	**218,294**	**185,855**	**-**	**185,855**
4.3.1.	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2.	Unconsolidated Joint Ventures		218,294	-	218,294	185,855	-	185,855
V.	**PROPERTY AND EQUIPMENT (NET)**		**3,660,096**	**37**	**3,660,133**	**3,476,263**	**18**	**3,476,281**
VI.	**INTANGIBLE ASSETS (NET)**		**628,673**	**-**	**628,673**	**504,698**	**-**	**504,698**
6.1.	Goodwill		-	-	-	-	-	-
6.2.	Other		628,673	-	628,673	504,698	-	504,698
VII.	**INVESTMENT PROPERTY (NET)**	**(13)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**CURRENT TAX ASSET**	**(14)**	**2,040**	**-**	**2,040**	**-**	**-**	**-**
IX.	**DEFERRED TAX ASSET**	**(14)**	**133,892**	**-**	**133,892**	**931,700**	**-**	**931,700**
X.	**OTHER ASSETS (NET)**	**(16)**	**6,052,142**	**132,336**	**6,184,478**	**3,779,894**	**5,028,263**	**8,808,157**
	TOTAL ASSETS		**182,314,359**	**189,054,882**	**371,369,241**	**128,719,567**	**98,524,128**	**227,243,695**

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

QNB Finansbank Anonim Şirketi
Unconsolidated Statements of Balance Sheet - Liabilities (Statement of Financial Position)
For the year ended 31 December 2021
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

II. BALANCE SHEET - LIABILITIES AND EQUITY

			Current Period 31.12.2021			Audited Prior Period 31.12.2020		
		Section 5 Part II	TL	FC	TOTAL	TL	FC	TOTAL
I.	**DEPOSITS**	**(1)**	**79,660,507**	**147,262,712**	**226,923,219**	**48,414,473**	**82,145,258**	**130,559,731**
II.	**FUNDS BORROWED**	**(3)**	**526,513**	**26,505,405**	**27,031,918**	**486,735**	**19,705,289**	**20,192,024**
III.	**MONEY MARKETS**	**(4)**	**2,302,812**	**15,717,177**	**18,019,989**	**4,376,444**	**10,112,950**	**14,489,394**
IV.	**SECURITIES ISSUED (NET)**	**(5)**	**4,609,660**	**23,779,092**	**28,388,752**	**1,554,964**	**11,951,421**	**13,506,385**
4.1.	Bills		4,609,660	2,154,632	6,764,292	1,502,745	829,044	2,331,789
4.2.	Asset Backed Securities		-	-	-	-	-	-
4.3.	Bonds		-	21,624,460	21,624,460	52,219	11,122,377	11,174,596
V.	**FUNDS**		**-**	**-**	**-**	**-**	**-**	**-**
5.1.	Borrower Funds		-	-	-	-	-	-
5.2.	Other		-	-	-	-	-	-
VI.	**FİNANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**		**9,160,015**	**3,292,413**	**12,452,428**	**4,773,704**	**3,303,648**	**8,077,352**
7.1.	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(2)	8,982,699	2,623,496	11,606,195	4,754,603	2,416,086	7,170,689
7.2.	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(8)	177,316	668,917	846,233	19,101	887,562	906,663
VIII.	**FACTORING PAYABLES**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**LEASE PAYABLES (NET)**	**(7)**	**491,912**	**777**	**492,689**	**444,009**	**2,666**	**446,675**
X.	**PROVISIONS**	**(9)**	**1,567,815**	**-**	**1,567,815**	**1,064,819**	**-**	**1,064,819**
10.1.	Restructuring Provisions		-	-	-	-	-	-
10.2.	Reserve for Employee Benefits		977,114	-	977,114	589,451	-	589,451
10.3.	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4.	Other Provisions		590,701	-	590,701	475,368	-	475,368
XI.	**CURRENT TAX LIABILITY**	**(10)**	**-**	**-**	**-**	**1,063,699**	**-**	**1,063,699**
XII.	**DEFERRED TAX LIABILITY**		**-**	**-**	**-**	**-**	**-**	**-**
XIII.	**LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (NET)**	**(11)**	**-**	**-**	**-**	**-**	**-**	**-**
13.1.	Held for Sale		-	-	-	-	-	-
13.2.	Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(12)**	**-**	**11,852,564**	**11,852,564**	**-**	**6,704,294**	**6,704,294**
14.1.	Subordinated Loans		-	11,852,564	11,852,564	-	6,704,294	6,704,294
14.2.	Other Debt Instruments		-	-	-	-	-	-
XV.	**OTHER LIABILITIES**		**10,570,280**	**11,925,527**	**22,495,807**	**6,916,521**	**5,010,033**	**11,926,554**
XVI.	**SHAREHOLDERS' EQUITY**		**24,785,657**	**(2,641,597)**	**22,144,060**	**20,412,353**	**(1,199,585)**	**19,212,768**
16.1.	Paid-in Capital	(13)	3,350,000	-	3,350,000	3,350,000	-	3,350,000
16.2.	Capital Reserves		714	-	714	714	-	714
16.2.1.	Share Premium	(14)	714	-	714	714	-	714
16.2.2.	Share Cancellation Profits		-	-	-	-	-	-
16.2.3.	Other Capital Reserves		-	-	-	-	-	-
16.3.	Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss		(223,943)	-	(223,943)	(111,623)	-	(111,623)
16.4.	Other Comprehensive Income/Expense Items Reclassified to Profit or Loss		678,070	(2,641,597)	(1,963,527)	120,560	(1,199,585)	(1,079,025)
16.5.	Profit Reserves		17,052,702	-	17,052,702	14,204,536	-	14,204,536
16.5.1.	Legal Reserves		757,842	-	757,842	736,513	-	736,513
16.5.2.	Status Reserves		-	-	-	-	-	-
16.5.3.	Extraordinary Reserves		16,294,860	-	16,294,860	13,468,023	-	13,468,023
16.5.4.	Other Profit Reserves		-	-	-	-	-	-
16.6.	Profit/Loss		3,928,114	-	3,928,114	2,848,166	-	2,848,166
16.6.1.	Prior Periods' Profit/Loss		-	-	-	101,267	-	101,267
16.6.2.	Current Period's Net Profit/Loss		3,928,114	-	3,928,114	2,746,899	-	2,746,899
16.7.	Minority Interest		-	-	-	-	-	-
	TOTAL LIABILITIES		**133,675,171**	**237,694,070**	**371,369,241**	**89,507,721**	**137,735,974**	**227,243,695**

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

QNB Finansbank Anonim Şirketi
Unconsolidated Statement of Off - Balance Sheet Commitments and Contingencies
For the year ended 31 December 2021

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

II. STATEMENT OF OFF-BALANCE COMMITMENTS AND CONTINGENCIES

			Current Period 31.12.2021			Prior Period 31.12.2020		
		Section 5 Part III	TL	FC	TOTAL	TL	FC	TOTAL
A.	**OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)**		**250,865,291**	**432,479,100**	**683,344,391**	**174,611,673**	**281,840,718**	**456,452,391**
I.	**GUARANTEES**	**(1), (2), (3), (4)**	**13,161,207**	**34,332,017**	**47,493,224**	**11,627,187**	**21,520,352**	**33,147,539**
1.1.	Letters of guarantee		13,025,750	17,491,611	30,517,361	11,327,575	11,362,429	22,690,004
1.1.1.	Guarantees subject to State Tender Law		553,377	133,441	686,818	474,847	84,162	559,009
1.1.2.	Guarantees given for foreign trade operations		7,285,611	17,358,170	24,643,781	6,666,383	11,278,267	17,944,650
1.1.3.	Other letters of guarantee		5,186,762	-	5,186,762	4,186,345	-	4,186,345
1.2.	Bank loans		71,783	8,635,893	8,707,676	198,490	6,640,108	6,838,598
1.2.1.	Import letter of acceptance		71,783	8,635,893	8,707,676	198,490	6,640,108	6,838,598
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		63,674	8,204,513	8,268,187	101,122	3,517,815	3,618,937
1.3.1.	Documentary letters of credit		63,674	7,424,841	7,488,515	101,122	3,315,757	3,416,879
1.3.2.	Other letters of credit		-	779,672	779,672	-	202,058	202,058
1.4.	Prefinancing given as guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Securities issue purchase guarantees		-	-	-	-	-	-
1.7.	Factoring guarantees		-	-	-	-	-	-
1.8.	Other guarantees		-	-	-	-	-	-
1.9.	Other collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**		**150,120,272**	**5,965,872**	**156,086,144**	**104,514,729**	**6,640,330**	**111,155,059**
2.1.	Irrevocable commitments	(1)	81,745,417	5,965,872	87,711,289	58,424,722	6,640,330	65,065,052
2.1.1.	Forward asset purchase commitments		1,107,989	2,858,065	3,966,054	1,358,290	3,478,001	4,836,291
2.1.2.	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4.	Loan granting commitments		27,050,703	793,507	27,844,210	18,075,052	734	18,075,786
2.1.5.	Securities underwriting commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Payment commitment for checks		2,885,779	-	2,885,779	2,423,033	-	2,423,033
2.1.8.	Tax and fund liabilities from export commitments		29,314	-	29,314	27,046	-	27,046
2.1.9.	Commitments for credit card expenditure limits		49,733,289	-	49,733,289	35,495,520	-	35,495,520
2.1.10.	Commitments for promotions related with credit cards and banking activities		71,498	-	71,498	83,078	-	83,078
2.1.11.	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		866,845	2,314,300	3,181,145	962,703	3,161,595	4,124,298
2.2.	Revocable commitments		68,374,855	-	68,374,855	46,090,007	-	46,090,007
2.2.1.	Revocable loan granting commitments		68,374,855	-	68,374,855	46,090,007	-	46,090,007
2.2.2.	Other revocable commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(5), (6)**	**87,583,812**	**392,181,211**	**479,765,023**	**58,469,757**	**253,680,036**	**312,149,793**
3.1.	Derivative financial instruments for hedging purposes		12,146,306	102,778,047	114,924,353	8,906,126	65,587,674	74,493,800
3.1.1.	Fair value hedge		5,829,388	42,107,334	47,936,722	4,770,807	24,362,023	29,132,830

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

Unconsolidated Statement of Off - Balance Sheet Commitments and Contingencies

For the year ended 31 December 2021

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

		Section 5 Part III	Current Period 31.12.2021 TL	FC	TOTAL	Prior Period 31.12.2020 TL	FC	TOTAL
3.1.2.	Cash flow hedge		6,316,918	60,670,713	66,987,631	4,135,319	41,225,651	45,360,970
3.1.3.	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2.	Held for trading transactions		75,437,506	289,403,164	364,840,670	49,563,631	188,092,362	237,655,993
3.2.1.	Forward foreign currency buy/sell transactions		7,288,292	16,053,812	23,342,104	2,107,149	8,850,539	10,957,688
3.2.1.1.	Forward foreign currency transactions-buy		6,377,847	4,862,254	11,240,101	1,676,174	3,844,105	5,520,279
3.2.1.2.	Forward foreign currency transactions-sell		910,445	11,191,558	12,102,003	430,975	5,006,434	5,437,409
3.2.2.	Swap transactions related to foreign currency and interest rates		66,545,184	268,882,455	335,427,639	45,325,821	175,284,547	220,610,368
3.2.2.1.	Foreign currency swap-buy		2,126,829	98,404,122	100,530,951	3,298,846	66,002,897	69,301,743
3.2.2.2.	Foreign currency swap-sell		37,918,755	62,467,695	100,386,450	30,615,375	40,878,980	71,494,355
3.2.2.3.	Interest rate swaps-buy		13,249,800	54,005,319	67,255,119	5,705,800	34,201,335	39,907,135
3.2.2.4.	Interest rate swaps-sell		13,249,800	54,005,319	67,255,119	5,705,800	34,201,335	39,907,135
3.2.3.	Foreign currency, interest rate and securities options		1,227,592	2,651,799	3,879,391	1,021,265	1,947,660	2,968,925
3.2.3.1.	Foreign currency options-buy		821,817	1,131,799	1,953,616	491,416	1,047,539	1,538,955
3.2.3.2.	Foreign currency options-sell		405,775	1,520,000	1,925,775	529,849	900,121	1,429,970
3.2.3.3.	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4.	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5.	Securities options-buy		-	-	-	-	-	-
3.2.3.6.	Securities options-sell		-	-	-	-	-	-
3.2.4.	Foreign currency futures		376,438	387,573	764,011	1,109,396	1,055,351	2,164,747
3.2.4.1.	Foreign currency futures-buy		361,015	18,895	379,910	172	1,055,204	1,055,376
3.2.4.2.	Foreign currency futures-sell		15,423	368,678	384,101	1,109,224	147	1,109,371
3.2.5.	Interest rate futures		-	-	-	-	-	-
3.2.5.1.	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2.	Interest rate futures-sell		-	-	-	-	-	-
3.2.6.	Other		-	1,427,525	1,427,525	-	954,265	954,265
B.	**CUSTODY AND PLEDGED ITEMS (IV+V+VI)**		**1,168,863,151**	**489,419,290**	**1,658,282,441**	**935,939,092**	**266,152,722**	**1,202,091,814**
IV.	**ITEMS HELD IN CUSTODY**		**22,219,062**	**16,495,503**	**38,714,565**	**11,281,488**	**10,473,404**	**21,754,892**
4.1.	Customer Fund and Portfolio Assets		7,427,814	-	7,427,814	2,159,679	-	2,159,679
4.2.	Investment securities held in custody		1,633,011	11,510,543	13,143,554	511,150	8,043,418	8,554,568
4.3.	Checks received for collection		10,923,733	3,061,613	13,985,346	6,632,644	1,314,634	7,947,278
4.4.	Commercial notes received for collection		2,233,879	920,079	3,153,958	1,978,015	527,533	2,505,548
4.5.	Other assets received for collection		-	-	-	-	-	-
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		625	1,003,268	1,003,893	-	587,819	587,819
4.8.	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**666,936,857**	**290,504,187**	**957,441,044**	**540,029,634**	**160,647,061**	**700,676,695**
5.1.	Marketable securities		5,098,635	18,744,531	23,843,166	4,117,442	9,531,425	13,648,867
5.2.	Guarantee notes		538,348	602,312	1,140,660	380,407	590,933	971,340
5.3.	Commodity		521,666	-	521,666	490,115	-	490,115
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		130,004,304	146,855,545	276,859,849	106,976,494	82,931,319	189,907,813
5.6.	Other pledged items		530,773,904	124,301,799	655,075,703	428,065,176	67,593,384	495,658,560
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		**479,707,232**	**182,419,600**	**662,126,832**	**384,627,970**	**95,032,257**	**479,660,227**
	TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		**1,419,728,442**	**921,898,390**	**2,341,626,832**	**1,110,550,765**	**547,993,440**	**1,658,544,205**

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

QNB Finansbank Anonim Şirketi
Unconsolidated Statement of Profit or Loss
For the year ended 31 December 2021

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

III. STATEMENT OF PROFIT OR LOSS

		Secion 5 Part IV	Audited 01.01 - 31.12.2021	Audited 01.01 - 31.12.2020
I.	**INTEREST INCOME**	**(1)**	**25,556,086**	**16,870,680**
1.1.	Interest income on loans		20,268,563	13,751,865
1.2.	Interest income on reserve deposits		447,034	47,326
1.3.	Interest income on banks		45,966	97,060
1.4.	Interest income on money market transactions		13,518	159,304
1.5.	Interest income on securities portfolio		4,748,068	2,801,681
1.5.1.	Financial assets measured at FVTPL		22,072	12,645
1.5.2.	Financial assets measured at FVOCI		1,899,478	1,118,543
1.5.3.	Financial assets measured at amortized cost		2,826,518	1,670,493
1.6.	Financial lease income		-	-
1.7.	Other interest income		32,937	13,444
II.	**INTEREST EXPENSE (-)**	**(2)**	**13,203,377**	**7,014,039**
2.1.	Interest on deposits		8,904,130	4,217,082
2.2.	Interest on funds borrowed		1,420,560	1,119,396
2.3.	Interest on money market transactions		1,250,409	464,062
2.4.	Interest on securities issued		1,523,672	990,211
2.5.	Interests on leasings		62,259	57,946
2.6.	Other interest expenses		42,347	165,342
III.	**NET INTEREST INCOME (I - II)**		**12,352,709**	**9,856,641**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**3,391,172**	**2,362,819**
4.1.	Fees and commissions received		4,424,035	2,891,111
4.1.1.	Non-cash loans		268,558	196,665
4.1.2.	Others		4,155,477	2,694,446
4.2.	Fees and commissions paid (-)		1,032,863	528,292
4.2.1.	Non-cash loans		2,602	2,146
4.2.2.	Others		1,030,261	526,146
V.	**DIVIDEND INCOME**	**(3)**	**518**	**5,258**
VI.	**NET TRADING INCOME/LOSS (NET)**	**(4)**	**(3,572,838)**	**(2,725,385)**
6.1.	Trading account gain/losses		150,375	268,407
6.2.	Gain/losses from derivative transactions		(6,635,822)	(3,267,584)
6.3.	Foreign exchange gain/losses		2,912,609	273,792
VII.	**OTHER OPERATING INCOME**	**(5)**	**469,343**	**66,051**
VIII.	**TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII)**		**12,640,904**	**9,565,384**
IX.	**EXPECTED CREDIT LOSSES (-)**	**(6)**	**3,063,770**	**2,405,135**
X.	**OTHER PROVISION LOSSES (-)**		**177,687**	**138,791**
XI.	**PERSONNEL EXPENSES (-)**		**2,185,729**	**1,893,888**
XII.	**OTHER OPERATING EXPENSES (-)**	**(7)**	**2,816,932**	**2,315,226**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**4,396,786**	**2,812,344**
XIV.	**INCOME RESULTED FROM MERGERS**		**-**	**-**
XV.	**INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING**		**593,155**	**446,975**
XVI.	**GAIN/LOSS ON NET MONETARY POSITION**		**-**	**-**
XVII.	**OPERATING PROFIT/LOSS BEFORE TAXES (XII+...+XV)**	**(8)**	**4,989,941**	**3,259,319**
XVIII.	**PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)**	**(9)**	**1,061,827**	**512,420**
18.1.	Current tax charge		8,528	1,055,958
18.2.	Deferred tax charge (+)		2,035,516	19,258
18.3.	Deferred tax credit (-)		(982,217)	(562,796)
XIX.	**NET OPERATING PROFIT/LOSS (XVII±XVIII)**	**(10)**	**3,928,114**	**2,746,899**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**
20.1.	Income from assets held for sale		-	-
20.2.	Income from sale of associates, subsidiaries and joint-ventures		-	-
20.3.	Others		-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**
21.1.	Expenses on assets held for sale		-	-
21.2.	Expenses on sale of associates, subsidiaries and joint-ventures		-	-
21.3.	Others		-	-
XXII.	**PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX+XXI)**		**-**	**-**
XXIII.	**PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)**		**-**	**-**
23.1.	Current tax charge		-	-
23.2.	Deferred tax charge (+)		-	-
23.3.	Deferred tax credit (-)		-	-
XXIV.	**NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)**		**-**	**-**
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	**(11)**	**3,928,114**	**2,746,899**
	Earnings/Loss per Share		0,1173	0,0820

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

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Current Period 01.01 - 31.12.2021	Audited Prior Period 01.01 - 31.12.2020
I.	**CURRENT PERIOD PROFIT/LOSS**	**3,928,114**	**2,746,899**
II.	**OTHER COMPREHENSIVE INCOME**	**(996,822)**	**(278,766)**
2.1.	**Not Reclassified to Profit or Loss**	**(112,320)**	**(35,283)**
2.1.1.	Revaluation Surplus on Tangible Assets	-	-
2.1.2.	Revaluation Surplus on Intangible Assets	-	-
2.1.3.	Defined Benefit Plans' Actuarial Gains/Losses	(133,776)	(39,496)
2.1.4.	Other Income/Expense Items not Reclassified to Profit or Loss	(6,905)	(1,806)
2.1.5.	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	28,361	6,019
2.2.	**Other Income/Expense Items to Reclassified to Profit or Loss**	**(884,502)**	**(243,483)**
2.2.1.	Foreign Currency Translation Differences	-	-
2.2.2.	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(1,415,913)	(245,270)
2.2.3.	Gains/losses from Cash Flow Hedges	280,269	(29,488)
2.2.4.	Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5.	Other Income/Expense Items to Reclassified to Profit or Loss	24,012	(2,180)
2.2.6.	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	227,130	33,455
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**2,931,292**	**2,468,133**

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

QNB Finansbank Anonim Şirketi
Unconsolidated Statement of Changes in Shareholders' Equity for the Year Ended Period
For the year ended 31 December 2021
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Section 5 Part V	Paid in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Comprehensive Income/ Expense Items not Reclassified to Profit or Loss: Revaluation surplus on tangible assets	Defined Benefit Plans' Actuarial Gains/ Losses	Other(*)
	Audited Prior Period - 01.01 - 31.12.2020								
I.	**Prior Period End Balance**		**3,350,000**	**714**	**-**	**-**	**-**	**(73,337)**	**1,046,855**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**(1,049,858)**
2.1.	Effect of Corrections		-	-	-	-	-	-	(101,267)
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	(948,591)
III.	**Adjusted Balances at Beginning of Period (I+II)**		**3,350,000**	**714**	**-**	**-**	**-**	**(73,337)**	**(3,003)**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**-**	**(33,477)**	**(1,806)**
V.	**Capital Increase in Cash**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
VI.	**Capital Increase from Internal Sources**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Convertible Bonds**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Subordinated Debt Instruments**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
X.	**Increase/Decrease by Others Changes**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
XI.	**Profit Distribution**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
11.1.	Dividends Paid		-	-	-	-	-	-	-
11.2.	Transfers to Reserves		-	-	-	-	-	-	-
11.3.	Other		-	-	-	-	-	-	-
	Balances at end of the period (III+IV...+X+XI)		**3,350,000**	**714**	**-**	**-**	**-**	**(106,814)**	**(4,809)**

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

Other Comprehensive Income/Expense Items Reclassified to Profit or Loss						
Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Other(**)	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Tota l Equity
-	**(272,254)**	**(566,110)**	**10,577,034**	**2,622,157**	**-**	**16,685,059**
-	**-**	**2,822**	**773,385**	**333,227**	**-**	**59,576**
-	-	-	-	101,267	-	-
-	-	2,822	773,385	231,960	-	59,576
-	**(272,254)**	**(563,288)**	**11,350,419**	**2,955,384**	**-**	**16,744,635**
-	**(203,196)**	**(40,287)**	**-**	**-**	**2,746,899**	**2,468,133**
-	**-**	**-**	**-**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**-**	**-**
-	**-**	**-**	**2,854,117**	**(2,854,117)**	**-**	**-**
-	-	-	-	-	-	-
-	-	-	2,854,117	(2,854,117)	-	-
-	-	-	-	-	-	-
-	**(475,450)**	**(603,575)**	**14,204,536**	**101,267**	**2,746,899**	**19,212,768**

QNB Finansbank Anonim Şirketi
Unconsolidated Statement of Changes in Shareholders' Equity for the Year Ended Period
For the year ended 31 December 2021

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

							Other Comprehensive Income/ Expense Items not Reclassified to Profit or Loss		
		Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible assets	Defined Benefit Plans' Actuarial Gains/ Losses	Other (*)
	Current Period - 01.01. - 31.12.2021								
I.	**Prior Period End Balance**		**3,350,000**	**714**	**-**	**-**	**-**	**(106,814)**	**(4,809)**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1.	Effect of Corrections		-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		**3,350,000**	**714**	**-**	**-**	**-**	**(106,814)**	**(4,809)**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**-**	**(107,021)**	**(5,299)**
V.	**Capital Increase in Cash**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
VI.	**Capital Increase from Internal Sources**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Convertible Bonds**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Subordinated Debt Instruments**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
X.	**Increase/Decrease by Others Changes**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
XI.	**Profit Distribution**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
11.1.	Dividends Paid		-	-	-	-	-	-	-
11.2.	Transfers to Reserves		-	-	-	-	-	-	-
11.3.	Other		-	-	-	-	-	-	-
	Balances at end of the period (III+IV...+X+XI)		**3,350,000**	**714**	**-**	**-**	**-**	**(213,835)**	**(10,108)**

(*) Accumulated amounts of share of investments accounted for by the equity method that cannot be classified as profit / loss from other comprehensive income with other comprehensive income that will not be reclassified to other profit or loss.

(**) Accumulated amount of cash flow hedge gains / losses, equity attributable to equity holders of the Bank for profit or loss from other comprehensive income and other comprehensive income to be reclassified to other profit or loss.

(***) The restatement of the prior period is related to the Bank's TAS 27 policy, and the details are explained in Note XXVI of Section Three.

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

	Other Comprehensive Income/Expense Items Reclassified to Profit or Loss						
	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others(**)	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity
	-	**(475,450)**	**(603,575)**	**14,204,536**	**2,848,166**	**-**	**19,212,768**
	-	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	**(475,450)**	**(603,575)**	**14,204,536**	**2,848,166**	**-**	**19,212,768**
	-	**(1,132,732)**	**248,230**	**-**	**-**	**3,928,114**	**2,931,292**
	-	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**2,848,166**	**(2,848,166)**	**-**	**-**
	-	-	-	-	-	-	-
	-	-	-	2,848,166	(2,848,166)	-	-
	-	-	-	-	-	-	-
	-	**(1,608,182)**	**(355,345)**	**17,052,702**	**-**	**3,928,114**	**22,144,060**

QNB Finansbank Anonim Şirketi
Unconsolidated Statement of Cash Flows
For the year ended 31 December 2021

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

VI. STATEMENT OF CASH FLOWS

		Current Period 01.01. - 31.12.2021	Prior Period 01.01. - 31.12.2020
A.	**CASH FLOWS FROM / (TO) BANKING OPERATIONS**		
1.1.	**Operating Profit Before Changes in Operating Assets and Liabilities**	**9,603,341**	**11,982,783**
1.1.1.	Interest Received	22,978,517	15,323,293
1.1.2.	Interest Paid	(14,963,414)	(6,482,929)
1.1.3.	Dividend Received	191,284	133,298
1.1.4.	Fees and Commissions Received	4,425,447	2,909,963
1.1.5.	Other Income	469,343	66,051
1.1.6.	Collections From Previously Written Off Loans	2,057,663	1,494,988
1.1.7.	Payments To Personnel and Service Suppliers	(1,983,241)	(1,899,033)
1.1.8.	Taxes Paid	(1,286,776)	690,396
1.1.9.	Others	(2,285,482)	(253,244)
1.2.	**Changes in Operating Assets and Liabilities**	**6,485,559**	**(8,999,035)**
1.2.1.	Net (Increase) Decrease in Financial Assets Measured at Fair Value Through Profit/Loss	(108,418)	(236,765)
1.2.2.	Net (Increase) Decrease in Due From Banks	(24,803,552)	(5,544,442)
1.2.3.	Net (Increase) Decrease in Loans	(31,699,550)	(18,940,926)
1.2.4.	Net (Increase) Decrease in Other Assets	4,289,681	(3,420,081)
1.2.5.	Net Increase (Decrease) in Bank Deposits	12,179,425	(864,560)
1.2.6.	Net Increase (Decrease) in Other Deposits	40,544,887	13,010,753
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	(5,681,113)	639,042
1.2.9.	Net Increase (Decrease) in Matured Payables	-	-
1.2.10.	Net Increase (Decrease) in Other Liabilities	11,764,199	6,357,944
I.	**Net Cash Provided From / (Used in) Banking Operations**	**16,088,900**	**2,983,748**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
II.	**Net Cash Provided From / (Used in) Investing Activities**	**(3,755,838)**	**(1,432,747)**
2.1.	Purchase Of Entities Under Common Control, Associates and Subsidiaries	-	-
2.2.	Sale of Entities Under Common Control, Associates and Subsidiaries	25,651	-
2.3.	Fixed Assets Purchases	(734,630)	(605,456)
2.4.	Fixed Assets Sales	114,380	127,814
2.5.	Purchase of Financial Assets Measured at Fair Value Through Other Comprehensive Income	(10,420,664)	(11,975,922)
2.6.	Sale of Financial Assets Measured at Fair Value Through Other Comprehensive Income	10,317,576	11,307,390
2.7.	Purchase of Financial Assets Measured at Amortized Cost	(5,543,888)	(2,333,458)
2.8.	Sale of Financial Assets Measured at Amortized Cost	2,609,710	2,260,925
2.9.	Others	(123,973)	(214,040)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
III.	**Net Cash Provided From / (Used in) Financing Activities**	**14,995,591**	**101,734**
3.1.	Cash obtained from funds borrowed and securities issued	27,388,485	15,105,034
3.2.	Cash used for repayment of funds borrowed and securities issued	(12,376,809)	(14,948,681)
3.3.	Capital increase	-	-
3.4.	Dividends paid	-	-
3.5.	Payments for finance leases	(12,797)	3,797
3.6.	Other	(3,288)	(58,416)
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	**4,346,096**	**(615,145)**
V.	**Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)**	**31,674,749**	**1,037,590**
VI.	**Cash and cash equivalents at beginning of the period**	**15,425,482**	**14,387,892**
VII.	**Cash and cash equivalents at end of the period (V+VI)**	**47,100,231**	**15,425,482**

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

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

VII. STATEMENT OF UNCONSOLIDATED PROFIT APPROPRIATION

		Current Period 31.12.2021(*)	Prior period 31.12.2020
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1.	CURRENT YEAR INCOME	4,989,941	2,999,429
1.2.	TAXES AND DUTIES PAYABLE (-)	1,061,827	512,420
1.2.1.	Corporate Tax (Income Tax)	8,528	1,055,958
1.2.2.	Income Withholding Tax	-	-
1.2.3.	Other Taxes And Duties(**)	1,053,299	(543,538)
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**3,928,114**	**2,487,009**
1.3.	PRIOR YEAR LOSSES (-)	-	(101,267)
1.4.	FIRST LEGAL RESERVES (-)	-	-
1.5.	OTHER STATUTORY RESERVES (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**3,928,114**	**2,588,276**
1.6.	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1.	To Owners Of Ordinary Shares	-	-
1.6.2.	To Owners Of Privileged Shares	-	-
1.6.3.	To Owners Of Preferred Shares	-	-
1.6.4.	To Profit Sharing Bonds	-	-
1.6.5.	To Holders Of Profit And (Loss) Sharing Certificates	-	-
1.7.	DIVIDENDS TO PERSONNEL (-)	-	-
1.8.	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9.	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1.	To Owners Of Ordinary Shares	-	-
1.9.2.	To Owners Of Privileged Shares	-	-
1.9.3.	To Owners Of Preferred Shares	-	-
1.9.4.	To Profit Sharing Bonds	-	-
1.9.5.	To Holders Of Profit And (Loss) Sharing Certificates	-	-
1.10.	SECOND LEGAL RESERVES (-)	-	-
1.11.	STATUTORY RESERVES (-)	-	-
1.12.	EXTRAORDINARY RESERVES	-	-
1.13.	OTHER RESERVES	-	-
1.14.	SPECIAL FUNDS		-
II.	**DISTRIBUTION OF RESERVES**		
2.1.	APPROPRIATED RESERVES	-	-
2.2.	SECOND LEGAL RESERVES (-)	-	-
2.3.	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1.	To Owners Of Ordinary Shares	-	-
2.3.2.	To Owners Of Privileged Shares	-	-
2.3.3.	To Owners Of Preferred Shares	-	-
2.3.4.	To Profit Sharing Bonds	-	-
2.3.5.	To Holders Of Profit And (Loss) Sharing Certificates	-	-
2.4.	DIVIDENDS TO PERSONNEL (-)	-	-
2.5.	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	**EARNINGS PER SHARE**		
3.1.	TO OWNERS OF ORDINARY SHARES	0.1173	0.0742
3.2.	TO OWNERS OF ORDINARY SHARES (%)	11.73%	7.42%
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 (%)	-	-

(*) Decision regarding the profit distribution for the 2021 will be taken at the General Meeting.

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

1. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Law numbered 5411 published in the Official Gazette no,26333 dated 1 November 2006 and in accordance with the regulations, communiqués, 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 Accounting Standards published by the Public Oversight Accounting for the format and detail 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", published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué dated 1 February 2019 which include Turkish Accounting Standard principles.

Financial statements and the related disclosures and footnotes have been presented in thousands of Turkish Lira unless otherwise specified. The amounts expressed in foreign currency is indicated by the full amount.

Explanation For Convenience Translation to English

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these 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.

2. Accounting policies and valuation principles used in the preparation of the financial statements

Accounting policies and valuation principles used in the preparation of the interim financial statements are determined and applied, in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"),and are consistent with the accounting policies applied in the annual financial statements prepared for the year ended 31 December 2020, excluding re-arrangements mentioned in Note VIII.

The accounting policies and valuation principles related with current period are explained in Notes II to XXVI below.

Financial statements are prepared in TL accordance with the historical cost basis except for financial instruments measured at fair value through profit/loss, financial assets measured at fair value through other comprehensive income, derivative financial assets and liabilities .

The preparation of unconsolidated financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent matters as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement.

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

Since it is aimed to update the most recent financial information in the interim financial statements prepared as of 31 December 2021, considering the magnitude of the economic changes due to COVID-19, the Bank made certain estimates in the calculation of expected credit losses and disclosed them in footnote numbered VIII "Explanations on Expected Provisions for Losses". In the upcoming periods, the Bank will update its relevant assumptions as necessary and revise the realizations of past estimates. In addition, explanations regarding the effects of COVID-19 were disclosed in footnotes numbered III " Information on Associates and Subsidiaries and Entities Under Common Control" and No XV " Explanations on Leasing Transactions.

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

In TAS 29 Financial Reporting Standard in Hyperinflationary Economies ("TAS 29"), the threshold value to be taken as a basis for determining whether there is hyperinflation in an economy by considering the economies with high inflation and the financial statements of the enterprises whose functional currency is the currency of a hyperinflationary economy are related to inflation. explains how to fix it. In paragraph 3 of TAS 29, it is stated that there is high inflation in an economy when the cumulative inflation rate of the last three years approaches or exceeds 100%. However, it is stated in paragraph 37 of TAS 29 that a price index reflecting the changes in general purchasing power should be used in determining the threshold value. In international practices, the consumer price index is taken as the general price index reflecting the changes in purchasing power. In other words, according to the 37th paragraph of the relevant Standard, businesses that apply TFRS should also take the CPI ratios reflecting the changes in their general purchasing power as a basis in terms of whether they will apply TAS 29. According to the CPI rates announced by the Turkish Statistical Institute, the cumulative change in the general purchasing power of the last three years has been 74.41%. In this respect, the Public Oversight Authority, in its statement on the Application of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises on 20 January 2022, did not include any financial statements within the scope of TAS 29 for 2021 in the financial statements of companies applying TFRS. indicated that no correction was necessary.

2.1. Changes in accounting policies and disclosures

In its accompanying unconsolidated financial statements, the Bank announced the Phase 1 amendments to TFRS 9, TAS 39 and TFRS 7 within the scope of the Indicative Interest Rate Reform published by the Public Oversight Authority ("KGK") in the Official Gazette dated 14 December 2019 and numbered 30978. It has been implemented since 1 January 2020.

In 2020, the International Accounting Standards Board and KGK published Phase 2 standards regarding the reform and related amendments to TFRS 9, TMS 39, TFRS 7, TFRS 4 and TFRS 16. According to this; As of 1 January 2022, necessary changes/ transitions regarding reference interest rates should be completed.

Within the scope of the said reform; The Bank has operations in the field of loans, securities, borrowing and derivative products, as well as hedge accounting applications. With this; A significant portion of bank transactions are indexed to EURIBOR and USD LIBOR reference interest rates, and EURIBOR continues to be used after the transition. And also; It is anticipated that USD LIBOR rates will continue to be published overnight in 1M, 3M, 6M and 1Y grades until 2023/June.

Considering the published standards and the Bank's portfolio of products under the reform, the benchmark interest rate reform does not have a significant impact on financial reports.

Current Period	Derivative	Non-Derivative Financial Instruments
USD LIBOR	119,086,162	29,436,219
Hedge Accounting Instruments	64,743,012	-
Total	**183,829,174**	**29,436,219**

Prior Period	Derivative	Non-Derivative Financial Instruments
USD LIBOR	68,181,584	17,579,073
Hedge Accounting Instruments	37,931,698	-
Total	**106,113,282**	**17,579,073**

II. Strategy for the Use of Financial Instruments and the Foreign Currency Transactions

1. Strategy for the use of financial instruments

The major funding sources of the Bank are customer deposits, bond issues and funds borrowed from international markets. The customer deposits bear fixed interest rate and have an average maturity of 1-3 months in line with the sector. Domestic bond issues are realized within the maturity of 6 months and foreign bond issues are based on long maturities with fixed interests. Funds borrowed from abroad mostly bear floating rates and are reprised at an average period of 3-6 months. The Bank diverts its placements to assets with high return and sufficient collaterals. The Bank manages the liquidity structure to meet its liabilities when due by diversifying the funding sources and keeping sufficient cash and cash equivalents. The maturity of fund sources and maturity and yield of placements are considered to the extent possible within the current market conditions and higher return on long-term placements is aimed.

Besides customer deposits, the Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Bank converts the foreign currency liquidity obtained from customer deposit accounts and the international markets to TL liquidity using long term swap transactions (fixed TL interest rate and floating FC interest rate). Thus, the Bank generates TL denominated resources for funding long term loans with fixed interest rates.

The Bank has determined securities portfolio limits based on the market risk limitations for money, capital and commodity markets. Products included in the securities portfolio are subject to position and risk limits. Position limits restrict the maximum nominal position based on the product. Risk limits are expressed in terms of "Value at Risk (VAR)" by taking the risk tolerance as a cap. The maximum VAR amounts are determined by interest and currency risk factors, which affect the securities portfolio that is subject to market risk, as well as determining the risk tolerance based on the total value at risk. The above mentioned limits are revised annually.

The strategies for hedging exchange rate risk resulting from the Bank's foreign currency debt securities which are categorized as financial assets at fair value through other comprehensive income explained in foreign currency risk section and the applications regarding the cash flow hedging of interest rate cash flow risk resulting from deposits are explained in the Interest Rate Risk section in detail.

Hedging strategies for foreign exchange risk resulting from other foreign currency transactions are explained in the foreign currency risk section.

2. Foreign currency transactions

2.1. Foreign currency exchange rates used in converting transactions denominated in foreign currencies and presentation of them in the financial statements

The Bank accounts for the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from transactions that are completed as of 31 December 2021 are translated to TL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TL by using foreign currency exchange rates of the Bank for the period end and the resulting exchange differences are recorded as foreign exchange gains and losses. Foreign currency non-monetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement.

2.2. Net profit or loss is included in the total foreign exchange differences for the period

The foreign currency position of the Bank and the profit/loss from the foreign exchange transactions realized are included in the income statement of foreign exchange gains/losses and income/losses from derivative Financial instruments in the income statement. While gain/loss from spot foreign exchange transactions are included in the profit/loss item of foreign exchange gain/loss on balance sheet, profit/loss from derivative transactions (forward, option etc.) for the purpose of hedging related transactions are included in income/loss statement of derivative financial instruments. Therefore, in order to determine the net profit/loss effects of foreign exchange transactions, two balances should be assessed together. As of 31 December 2021, derivative financial transactions loss amounting to TL6,635,822 (31 December 2020 - TL3,267,584 derivative financial transactions loss) and foreign exchange gain amounting to TL2,912,609 (31 December 2020 - TL273,792 net foreign exchange gain), excluding net interest expense amounting to TL4,684,038 (31 December 2020 - TL3,172,168 net interest expense) arising from derivative transactions, the net profit on foreign currency transactions is TL960,825 (31 December 2020 - TL178,376 net profit on foreign currency transactions).

III. Information on Associates and Subsidiaries and Entities Under Common Control

The Communiqué Amending the "Communiqué on the Turkish Accounting Standard 27 (TAS 27) Concerning Individual Financial Statements" published in the Official Gazette dated 9 April 2015 and numbered 29321 came into effect for the accounting periods after 1 January 2016. While it is stated that a business that prepared its individual financial statements before the amendment can account for investments in its subsidiaries, joint ventures and associates at cost or in accordance with TFRS 9 Financial Instruments standard, with the amendment, while the business prepares its individual financial statements, its investments in subsidiaries, joint ventures and affiliates are accounted for using the equity method. also has the opportunity to be accounted for.

TAS 27, as the Bank considers that it is a more reliable and accurate value representation to present its financial subsidiaries in the unconsolidated financial statements of 31 December 2021 by means of the equity method instead of the fair value method, which is affected by the fluctuations in market conditions and for which it is not possible to make a sound calculation in terms of future projections. decided to account according to the equity method within the scope of the application and carried out the application retrospectively within the framework of TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The relevant amendment is explained in Note XXVI Other Disclosures.

IV. Explanations on Derivative Financial Assets and Liabilities

The Bank enters into forward currency purchase/sale agreements and swap transactions to reduce the foreign currency risk and interest rate risk and manage foreign currency liquidity risk. The Bank also carries out currency and interest options, credit default swap and futures agreements.

Besides customer deposits, the Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Bank converts the foreign currency liquidity obtained from customer deposit accounts and the international markets to TL liquidity with long term swap transactions (fixed TL interest rate and floating FC interest rate). Therefore, the Bank not only funds its long term fixed interest rate loans with TL but also hedges itself against interest rate risk.

The Bank's derivative instruments held for trading and derivative instruments hedging purpose are classified, measured and accounted in accordance with "TFRS 9" and TAS 39 "Financial Instruments: Recognition and Measurement", respectively. Derivative instruments held for trading and derivative instruments hedging purpose are initially recognized at fair value and subsequently measured at fair value. Also, the liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values. The derivative transactions are accounted for at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets at Fair Value Through Profit or Loss", "Derivative Financial Assets at Fair Value Through Other Comprehensive Income" or "Derivative Financial Liabilities at Fair Value Through Profit or Loss" and "Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income" items of the balance sheet depending on the resulting positive or negative amounts of the computed value. These amounts of derivative transactions presented on the balance sheet, represent the fair value differences based on the valuation.

Fair values of forward foreign currency purchase and sales contracts, currency and interest rate swap transactions are calculated by using internal pricing models based on market data.

Fair values of option contracts are calculated with option pricing models.

Futures transactions are accounted for at settlement as of the balance sheet date.

The Bank does not have either any hybrid contract contains a host that is not an asset within the scope of this standard or a financial instrument which shall be separated from the host and accounted for as derivative under this standard.

Credit derivatives are capital market tools designed to transfer credit risk from one party to another. The Bank's credit derivatives portfolio included in the off-balance sheet accounts composes of credit default swaps resulted from protection buying or selling.

Credit default swap is a contract, in which the protection seller commits to pay the protection value to the protection buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract. Credit default swaps are valued daily at their fair values.

Upon valuation of derivative instruments that are not subject to hedge accounting, differences in fair value, except for currency revaluation differences, are recorded in the income statement on Gains/Losses from Derivative transactions. These foreign currency valuation differences are accounted for under "Foreign Exchange Gains/Losses" account.

In cash flow hedge accounting:

The Bank applies cash flow hedge accounting using interest swap transactions to hedge its TL and FC customer deposits with short term cyclical basis and subordinated loans and creditor loans which have floating interest payment. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "Other Accumulated Comprehensive Income/Expense Items Reclassified to Profit or Loss" whereas the amount concerning ineffective parts is associated with income statement.

In cash flow hedge accounting, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked; the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized.

In fair value hedge accounting:

The Bank applies fair value hedge accounting within the framework of TAS 39 using swaps to hedge a portion of its long term, fixed rate mortgage and project finance loans against possible fair value change due to market interest rate fluctuations.

The Bank applies fair value hedge accounting using interest rate swap transactions to hedge long term, fixed rate, foreign currency Eurobonds in financial assets which is classified as fair value through Other Comprehensive Income portfolio against interest rate fluctuations.

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term TL government bonds with fixed coupon payment in financial assets which is classified as fair value through Other Comprehensive Income portfolio using swap transactions as hedging instruments.

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued by the Bank using interest rate swap transactions as hedging instruments.

The Bank applies fair value hedge accounting through interest rate swaps to hedge itself against the changes in the interest rates related to the foreign currency borrowings.

At each balance sheet date the Bank applies effectiveness tests for fair value hedge accounting.

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked, adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges. In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in income statement.

As of 30 September 2018, the Bank terminated the hedge accounting for the fair value hedge of the fair value risk arising from the changes in the exchange rates for the real estates purchased in previous periods in foreign currency and the fair value of which is in foreign currency in the market and as of 31 December 2021, fair value exchange difference adjustment amounting to TL1,170,135 which is shown tangible assets in the balance sheet, is amortized over the economic life of the property subject to hedging.

V. Explanations on Interest Income and Expenses

Interest income is recorded according to the effective interest rate method (rate equal to net present value of future cash flows or financial assets and liabilities) defined in the TFRS 9 "Financial Instruments" standard by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. When applying the effective interest rate method, an entity identifies fees that are an integral part of the effective interest rate method of a financial instrument. Fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value being recognized in profit or loss.

When applying the effective interest method, The Bank amortized any fees, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate over the expected life of the financial instrument. In case an interest was accrued on a security before its acquisition, the collected interest is divided into two parts as interest before and after the acquisition and only the interest of the period after the acquisition is recorded as interest income in the financial statements. If the expectation for the cash flows from financial asset is revised for reasons other than the credit risk, the change is reflected in the carrying amount of asset and in the related statement of profit or loss line and is amortized over the estimated life of financial asset.

If the financial asset is impaired and classified as a non-performing receivable, the Bank applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. It is used effective interest rate during calculation of loss given default rate in expected credit loss models and accordingly, the calculation of expected credit losses includes an interest amount. Therefore, a reclassification is made between the accounts of "Expected Credit Losses" and "Interest Income From Loans" for calculated amount.

VI. Explanations on Fees and Commission Income and Expenses

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period.

VII. Explanations and Disclosures on Financial Instruments

Initial recognition of financial instruments

The Bank shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of TFRS 15 Revenue from contracts with customers, at initial recognition, the Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification of financial instruments

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

As per TFRS 9, the Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss. The Bank tested all financial assets whether their "contractual cash-flows solely represent payments of principal and interest" and assessed the asset classification within the business model.

Assessment of business model

As per TFRS 9, the Bank's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Bank's business models are divided into three categories.

Business model aimed to hold assets in order to collect contractual cash flows:

This is a model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Receivables from the Central Bank, Banks, Money Market Placements, investments under financial assets measured at amortized cost, loans, leasing receivables, factoring receivables and other receivables are assessed within this business model.

Business model aimed to collect contractual cash flows and sell financial assets:

This is a model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial Assets Measured at Fair Value through Other Comprehensive Income are assessed in this business model.

Other business models:

Financial assets are measured at fair value through profit or loss in case they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets measured at fair value through profit/loss and derivative financial assets are assessed in this business model.

Measurement categories of financial assets and liabilities

Within the scope of TFRS 9, financial assets are classified in three main categories as listed below:

- Financial assets measured at fair value through profit/loss;
- Financial assets measured at fair value through other comprehensive income; and
- Financial assets measured at amortized cost.

Financial assets at the 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 aimed 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 in case of 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 measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. According to uniform chart of accounts explanations interest income earned on financial asset and the difference between their acquisition costs and amortized costs are recorded as interest income in the statement of profit or loss. The differences between the amortized costs and the fair values of such assets are recorded under trading account income/losses in the statement of profit or loss. In cases where such assets are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses.

The Bank has stocks, bills and bonds in portfolios of financial assets at fair value through profit and loss that are accounted in accordance with the Bank's business model. In accordance with TFRS 9, the Bank has classified cash flows are solely payments of principal and interest at certain dates under financial assets at fair value through profit and loss related to private purpose loans as of December 2018.

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 asset 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 measured 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 amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Other Accumulated Comprehensive Income or Expenses Reclassified to Profit or Loss” under shareholders’ equity. When the aforementioned securities are collected or disposed, accumulated fair value differences which were reflected under equity, are reflected in the income statement. Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

The Bank has inflation indexed (CPI) government bonds in its financial assets at fair value through other comprehensive income and measured at amortized cost portfolios. CPI government bonds that are constant throughout their lives and their real principal amounts are preserved from inflation. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate as disclosed by the Turkish Republic of Turkey Ministry of Treasury and Finance . As disclosed in ‘Inflation Indexed Bonds Manual’ published by Turkish Republic of Turkey Ministry of Treasury and Finance, reference index used for the real payments is determined based on the inflation rates of two months before. The Bank determines the estimated inflation rates used for valuation of securities in line with this. The estimated inflation rate used is updated during the year when necessary.

Some portion of the Eurobond portfolio which has been recognized as financial assets at FV through OCI are designated as fair value hedged items, hedged against interest rate fluctuations, starting from March and April 2009, hedged against interest rate fluctuations. Those securities are disclosed under financial assets at FV through OCI in order to be in line with balance sheet presentation. The fair value differences of Eurobond and TL government bond hedged items are accounted for under “Trading Account Gain/ Losses” in the income statement.

In cases where fair value hedge operations cannot be effectively performed as described in TAS 39, fair value hedge accounting is ceased. After fair value accounting is ceased value differences, previously reflected to the income statement are amortized through the equity until the maturity of related hedged securities. The fair value differences of related portfolio securities sold prior to maturity are immediately recognized in the income statement.

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.

The Bank as explained in part IV, “Explanations on Derivative Financial Assets and Liabilities”, performs FX swap transactions against TL in order to hedge the possible losses which might arise due to the changes in the fair value of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. The Bank accounts for the hedged loan portfolio at fair value related to hedged risk, the swap transactions used as the hedging instrument at fair value and reflects the related net gain or loss to respective period’s income statement.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans.

Equity Instruments Measured at Fair Value Through Other Comprehensive Income:

At initial recognition, an irrevocable election can be made to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of TFRS 9. Such election is made on an instrument by instrument basis. Fair value differences recognized in other comprehensive income are not transferred to profit or loss in the following periods and transferred to prior years’ profit / loss. The equity instruments measured at fair value through other comprehensive income, are not subject to impairment calculation.

VIII. Explanations on Expected Credit Losses

The Bank recognizes a loss allowance for expected credit losses on financial assets and loans measured at amortized cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit/loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” effective from 1 January 2018. At each reporting date, the Bank shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. The Bank considers the changes in the default risk of financial instrument, when making the assessment.

Within the scope of Article 4 and 5 of the Regulation On Procedures And Principles For Classification Of Loans And Provisions in accordance with the BRSA Decision numbered 9312 dated 8 December 2020, due to the disruptions in economic and commercial activities resulting from the Covid-19 outbreak, the 90 days default period for loans to be classified as non-performing loans shall be applied as 180 days according to assembly's resolution dated on 18 June 2021. This measure will be effective until 30 September 2021. In this manner, in the assessment of whether the debtor defaulted on the loan where the payment is overdue for more than 90 days, consideration is given to whether the debtor's condition is temporary due to COVID-19 pandemic and payment irregularities are related to temporary liquidity constraints. In this context,

- Temporarily, the practice of classifying the uncollectible receivables up to 180 days in the Second Group has occurred;
- In restructured installment receivables, the practice of shifting installments without a contract breakdown, within the defined terms has started for customers who do not want to be late in their instalments;
- In the process of completing the Pro-rata banks protocols, the time to be given to time-consuming operations was extended by a joint agreement;
- Terminatively, this leads the Banks to continue to set aside provisions for such receivables in accordance with their own risk models used in calculation of expected credit losses under TFRS 9.

As of 31 December 2021, the Bank has not made any changes regarding the classification and measurement of financial assets and calculation of expected losses Loans and receivables with past due days exceeding 90 days and past due days less than 180 days are classified according to the Stage 2, but in accordance with their own risk models, the provisions have been calculated according to the Stage 3 rules. The relevant flexibility has been terminated in the year-end financial statements dated 31 December 2021.

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions. These financial assets are divided into three categories depending on the increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of expected credit losses on the 12-month default risk. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. As of 31 December 2021, minimum probability of default of Basel II is used in the calculation for the expected loss of receivables from public institutions and organizations. Such calculation is performed for each of three scenarios explained below.

Stage 2:

As of the reporting date of the financial asset, in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses. The calculation method is similar to the one described in the above paragraph, but the probability of default and the loss rate in default are estimated throughout the life of the instrument.

Stage 3:

Financial assets considered as impaired at the reporting date are classified as stage 3. The probability of default is taken into account as 100% in the calculation of impairment provision and the Bank accounts lifetime expected credit losses. In determining the impairment, the Bank takes into consideration the following criteria:

- Delay of over 90 days and impairment of creditworthiness;
- Collateral and/or equity of debtor is inadequate cover the payment of receivables on the maturity; and
- In case the management believes that collection of receivables will be delayed by more than 90 days due to the macroeconomic, sector-specific or customer-specific reasons.

Calculation of expected credit losses

The Bank measured expected credit losses with the reasonable, objective and supportable information based on a probability-weighted including estimations about time value of money, past events, current conditions and future economic conditions as of the reporting date, without undue cost or effort. The calculation of expected credit losses consists of three main parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD). PDs and LGDs used in the ECL calculation are point in time ("PIT")-based for key portfolios and consider both current conditions and expected cyclical changes.

While the expected credit loss is estimated, three scenarios (internal base, internal bad, internal adverse) are evaluated. Each of these scenarios was associated with the different PD and LGD.

In addition, a certain portion of commercial and corporate loans is assessed individually in accordance with the internal policies in the calculation of the expected credit losses based on TFRS 9. Such calculations are made by discounting the expected cash flows from the individual financial instrument to its present value using the effective interest rate.

When measuring expected credit losses, it shall be considered the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low. Such assessment is made by reflecting the estimate of expected credit losses which is unbiased and probability-weighted determined by evaluating a range of possible outcomes.

Probability of Default (PD)

The PD represents the likelihood of a default over a specified time period. A 12-month PD represents the likelihood of default determined for the next 12 months and a lifetime PD represents the probability of default over the remaining lifetime of the instrument. The lifetime PD calculation is based on a series of 12-month PIT PDs that are derived from TTC PDs (Through the Cylce Probability Defaults) and scenario forecasts. It is used internal rating systems for both retail and commercial portfolios to measure risk level. The internal rating models used for the commercial portfolio include customer financial information and qualitative survey responses. Whereas behavioral and application scorecards used in the retail portfolio include; the behavioral data of the customer and the product in the Bank, the demographic information of the customer, and the behavioral data of the customer in the sector. Probability of default calculation has been carried out based on past information, current conditions and forward looking macroeconomic parameters.

Loss Given Default (LGD)

The LGD represents an estimate of the loss at the time of a potential default occurring during the life of a financial instrument. The LGD is calculated taking into account expected future cash flows from collateral and other credit enhancements by considering time value of money. LGD calculations are performed using historical data which best reflects current conditions, by formation of segments based on certain risk factors that are deemed important for each portfolio and inclusion of forward-looking information and macroeconomic expectations. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections. The Bank bases its estimates on models for collateralized portfolios and on previous experience for unsecured parties, except for corporate loans that are assigned by the Basel Committee individually or as designated by the Basel Committee.

Exposure at Default (EAD):

The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument. It represents the cash flows outstanding at the time of default, considering expected repayments, interest payments and accruals, discounted at the effective interest rate. Future drawdowns on facilities are considered through a credit conversion factor (CCF) that is reflective of historical drawdown and default patterns and the characteristics of the respective portfolios. While the expected credit loss is estimated, three scenarios (internal base, internal bad, internal adverse) are evaluated. Each of these scenarios was associated with the probability of different default and loss in default.

Consideration of the Macroeconomic Factors

Loss given default and probability of default parameters are determined by considering macroeconomic factors. The macroeconomic variables used in the calculation of the expected loss are as follows:

- Five years credit risk of Turkey;
- Real GDP growth;
- Unemployment rate;
- Inflation rate; and
- Five years government bond interest rate of Turkey.

Stages were determined through the models created using internal information for the Bank.

The Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the calculation of expected credit losses, using the data obtained with the principle of maximum effort. In the light of the aforementioned data, the Bank revised its macroeconomic expectations and weights in the calculation of expected credit loss on 31 December 2021. Compared to 31 December 2020, the weight of the worst-case scenario, the extreme negative scenario, was increased by 4000 basis points, and the weights of the relatively more optimistic negative and baseline scenarios were decreased by 1000 basis points and 3000 basis points, respectively. The calculation made taking into account the change in PD / LGD has been reflected in the financial statements as of 31 December 2021. Due to the nature of the model effects, events that cause changes and their effects occur at different times, reflected in the financial statements with a delay. For this reason, the Bank has made individual valuations in order to eliminate the timing difference and provided additional provisions for the sector and customers that are considered to have a high impact.

This approach, which is preferred in reserve calculations for year end period of 2021, will be revised in the following reporting periods, taking into account the impact of the pandemic, portfolio and future expectations.

Calculating the Expected Loss Period

Lifetime ECL is calculated by taking into account maturity extensions, repayment options and the period during which the Bank will be exposed to credit risk. The time in financial guarantees and other irrevocable commitments represents the credit maturity for which the liabilities of the Bank. Behavioral maturity analysis has been performed on credit cards and overdraft accounts. With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless there is the legal right to call it earlier.

Significant increase in credit risk

The Bank makes qualitative and quantitative assessments regarding assessment of significant increase in credit risk of financial assets to be classified as stage 2 (Significant Increase in Credit Risk).

Within the scope of quantitative assessment, the quantitative reason explaining the significant increase in the credit risk is based on a comparison of the probability of default calculated at the origination of the loan and the probability of default assigned for the same loan as of the reporting date. If there is a significant deterioration in PD, it is considered that there is a significant increase in credit risk and the financial asset is classified as stage 2. In this context, the Bank has calculated thresholds at which point the relative change is a significant deterioration. In the quantitative evaluation of the significant increase in credit risk, the Bank considers the absolute thresholds as well as the relative thresholds as an additional layer. Receivables below the absolute threshold value of default are not included in the relative threshold value comparison.

The Bank classifies the financial asset as Stage 2 (Significant Increase in Credit Risk) where any of the following conditions are satisfied as a result of a qualitative assessment.

- Loans overdue more than 30 days as of the reporting date;
- Loans classified as watch-list; and
- When there is a change in the payment plan due to restructuring.

Write-Off policy

Receivables that are classified as non-performing loans are collected primarily within the framework of administrative contacts with the debtors, and if no results are obtained, through legal means. In accordance with the provisions of the "Regulation on the Amendment of the Regulation on the Classification of Loans and the Procedures and Principles Regarding the Classification of Loans and Provisions for These" published in the Official Gazette dated 6 July 2021 and numbered 31533, they are classified under the "Fifth Group-Loans with Loss Qualification" and are for life due to the default of the debtor. The portion of the loans for which there is no reasonable expectation of the recovery of the expected loan loss provision is deducted from the records within the period determined specifically for the situation of the borrower within the scope of TFRS 9, starting from the first reporting period (interim or year-end reporting period) following their classification in this Group. In this context, deducting the loans that cannot be collected from the records is an accounting practice and does not result in the waiver of the right to receivable.

The portion of the loan receivables that do not have reasonable expectations regarding the recovery of the following items is deducted from the records within the scope of accounting practice:

- Classified as ''Fifth Group - Loans with a Loss Qualification'' under the regulation;
- The number of days of delay is at least one year; and
- Lifetime expected credit loss provision has been made due to the default of the borrower.

The portion of the loans that do not have reasonable expectations regarding the recovery of the loans is determined by the internal organs authorized by the Board of Directors. Within the scope of this article, deducting the loans from the records is an accounting practice. Receivables are followed up by the relevant credit and operation teams before the customer.

Within the scope of TFRS 9, the amount written off by the Parent Bank during the period is TL126,001 (31 December 2020 - TL4,867) and the effect on the NPL ratio of the Parent Bank is 0.05% (31 December 2020 - 0%). While the NPL ratio is 4.21% (31 December 2020 - 6.10%) with the current period non-performing loan figures, the calculated rate including the loans written off during the year is 4.26% (31 December 2020 - 6.10%).

IX. Explanations on Netting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts, and the intention of collecting or paying the net amount of related assets and liabilities or to realize the asset and settle the liability simultaneously.

X. Derecognition of Financial Instruments

a) Derecognition of financial assets due to change in contractual terms

Based on TFRS 9, the renegotiation or modification of the contractual cash flows of a financial asset could lead to the derecognition of the existing financial asset. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset. When the Bank assesses the characteristics of the new contractual terms of the financial asset, it evaluates the contractual cash flows including foreign currency rate changes, conversion to equity, counterparty changes and solely principal and interest on principle. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and recognized a modification gain or loss in profit or loss. Where all risks and rewards of ownership of the asset have not been transferred to another party and the Bank retains control of the asset, the Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset. When the Bank retains substantially all the risks and rewards of ownership of the transferred asset, the transferred asset continues to be recognized in its entirety and the consideration received is recognized as a liability.

b) Derecognition of financial assets without any change in contractual terms

The Bank derecognizes the asset if the contractual rights to cash flows from the financial asset are expired or the related financial asset and all risks and rewards of ownership of the asset are transferred to another party. Except for equity instruments measured at fair value through other comprehensive income, the total amount consisting of the gain or loss arising from the difference between the book value and the amount obtained and any accumulated gain directly accounted in equity shall be recognized in profit/loss.

c) Derecognition of financial liabilities

It shall be removed a financial liability (or a part of a financial liability) from the statement of financial position when, and only when, it is extinguished - i.e. when the obligation specified in the contract is discharged or cancelled or expires

d) Reclassification of financial instruments

Based on TFRS 9, it shall be reclassified all affected financial assets at amortized cost to financial assets measured at fair value through other comprehensive income and fair value through profit or loss in the subsequent accounting when, and only when, it is changed the business model for managing financial assets.

e) Restructuring and refinancing of financial instruments

The Bank may be changed the original contractual terms of a loan (maturity, repayment structure, guarantees and sureties) which were previously signed, in case the loan cannot be repaid or if a potential payment difficulty is encountered based on the new financing power and structure of the borrower.

Restructuring is made for changing the financial terms of existing loans in order to facilitate the payment of debt. Refinancing is granting a new loan which will cover either the principal or the interest payment in whole or in part of one or a few existing loans due to the anticipated financial difficulty which the customer or group encounter currently or will encounter in the future..

Changes to the original terms of a credit risk can be made in an existing contract or in a new contract. Corporate and commercial companies that are restructured and refinanced may be excluded from close monitoring, as a minimum, within the scope of the Regulation on the Determination of the Qualifications of Loans and Other Receivables by Banks and the Procedures and Principles Regarding the Provisions To Be Allocated These and when the following conditions are met:

- Subsequent to the thorough review of company's financial data and its owners' equity position, at circumstances when it is not anticipated that the owner of the company will face financial difficulties; and it is assessed that the restructured debt will be paid on time (starting from the date when the debt is restructured all due principal and interest payments are made on time).
- At least 1 year should pass over the date of restructuring (or if it is later), the date of removal from nonperforming loan category, at least 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring / refinancing shall be paid.
- In order for the restructured non-performing corporate and commercial loans to be classified to the watchlist category, the following conditions must be met:
- Recovery in debt service;
- At least 1 year should pass over the date of restructuring;
- Payment of all accrued and overdue amounts by debtor (interest and principal) since the date of restructuring /refinancing or the date when the debtor is classified as non-performing (earlier date to be considered) and fulfillment of the payment condition of all overdue amounts as of the date of restructuring /refinancing; and
- Collection of all overdue amounts, disappearance of the reasons for classification as nonperforming receivable (based on the conditions mentioned above) and having no overdue and there is no doubt that future payments will be made on time.

During the follow-up period of at least one year following the date of restructuring / refinancing, if there is a new restructuring / refinancing or a delay of more than 30 days, the transactions which were non-performing at the beginning of the follow-up period are classified as non-performing loans again.

In personal loans, loans can be restructured in order to give liquidity power to the debtor and to ensure the collection of the receivables of the Bank in case of temporary liquidity problems due to the failure of the payment obligation to the Bank. The exclusion of customers from the scope of restructuring is carried out within the scope of the "Regulation on the Determination of the Qualifications of Loans and Other Receivables by Banks and the Procedures and Principles Regarding the Provisions To Be Allocated These".

XI. Explanations on Sales and Repurchase Agreements and Lending of Securities

Securities sold under repurchase agreements are recorded on the balance in accordance with Uniform Chart of Accounts. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as "Investments Subject to Repurchase Agreements" and valued based on the Bank management's future intentions, either at market prices or using discounting method with internal rate of return.

Funds obtained in return for repo agreements are monitored in the "Funds From Repo Transactions" accounts under liabilities, and the expense rediscount is calculated according to the internal yield method for the part of the difference between the sales and repurchase prices determined by the repo agreements, which corresponds to the period.

As of the balance sheet date, securities subject to repo amounting to TL22,990,663 (31 December 2020 - TL18,700,773).

As of 31 December 2021 the Bank has no securities that are subject to lending transactions (31 December 2020 - None).

Securities purchased with a commitment to resell (reverse repurchase agreements) are recorded in a separate account under "Cash and Cash Equivalents" and on the line of "Money Market Placements" in the balance sheet. Income rediscount is calculated for the part of the difference between the purchase and resale prices of securities purchased with reverse repo, in the corresponding period.

XII. Explanations on Assets Held for Sale and Discontinued Operations

In accordance with TFRS 5 ("Assets Held for Sale and Discontinued Operations"), assets classified as held for sale are measured at lower of carrying value or fair value less costs to sell. Amortization on subject asset is ended and these assets are presented separately on financial statements. An asset (or a disposal group) is regarded as "asset held for sale" only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset (or a disposal group) should be actively marketed at a price consistent with its fair value. Various events and conditions may prolong the sale procedures for more than one year. In case subject delay is caused by the events and conditions beyond the bank's control and there is enough evidence that plans to sell subject asset (or a disposal group) continue subject assets continue to be classified as assets held for sale. As of 31 December 2021 the Bank has assets held for sale and discontinued operations and it is explained in footnote 1.15. of Section Five.

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

The Bank classifies tangible assets which are acquired due to non-performing receivables as other assets.

XIII. Explanations on Goodwill and Other Intangible Assets

The Bank's intangible assets consist of softwares and intangible rights.

The intangible assets are recorded at their historical cost less accumulated amortization and provision for impairment, if any. Amortization is calculated on a straight-line basis.

Softwares have been classified as other intangible fixed assets. The useful life of softwares is determined as 3-5 years.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the "Turkish Accounting Standard on Impairment of Assets" (TAS 36) and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made. There is no goodwill regarding the associates, entities under common controls and subsidiaries in the accompanying unconsolidated financial statements.

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

XIV. Explanations on Tangible Assets

The tangible assets are recorded at their historical cost less accumulated depreciation and provision for impairment, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of tangible assets. The annual amortization rates used are as follows:

Property	2%
Movables purchased and acquired under finance lease contracts	7% - 25%

The depreciation of leasehold improvements acquired before December 2009, under operating lease agreements, is calculated according to their useful lives. Depreciation of leasehold improvements acquired after this date is calculated over the lease period not exceeding 5 years where the lease duration is certain; or 5 years where the lease period is not certain in accordance with "Communiqué on the Amendment of Communiqué on Uniform Chart of Accounts and Explanatory Notes" dated 10 January 2011.

As of the balance sheet date, with respect to assets which are monitored under tangible assets for less than one year, the projected depreciation amount for a full year, is allocated in proportion to the tangible asset's period of stay in the assets.

Net book value of the property and leased assets under financial lease contracts are compared with the fair values determined by independent appraisers as of the year end and provision for impairment is recognized in "Other Operating Expenses" in the related period income statement when the fair value is below the net book value in accordance with "Turkish Accounting Standard on Impairment of Assets" (TAS 36).

Gains or losses resulting from disposals of the tangible assets are recorded in the income statement as the difference between the net proceeds and net book value of the asset.

Expenses for repairs are capitalized if the expenditure increases economic life of the asset; otherwise they are expensed.

There are no changes in the accounting estimates in regards to amortization duration that could have a significant impact on the current and future financial statements. There are no pledges, mortgages or other restrictions on the tangible assets. There are no purchase commitments related to the fixed assets.

XV. Explanations on Leasing Transactions

With the TFRS 16 Leases Standard, the difference between operating leases and financial leases has disappeared, and fixed assets acquired under finance lease contracts are presented under "Tangible Fixed Assets" on the asset side and under "Financial Lease Payables" on the liability side at the initial date of the lease. The basis for the determination of related balance sheet amounts is the lower of fair value of the leased asset and the present value of the lease payments. The direct costs incurred for a finance lease transaction are capitalized as additions to the cost of the leased asset. Lease payments include the financing costs incurred due to the leasing transaction and the principal amount of the leased asset for the current period. Depreciation is calculated on a straight-line basis over the estimated useful life of the leased assets at the rate of 20% except for the buildings which are depreciated at the rate of 2%.

TFRS 16 Leases

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of finance leases (on balance sheet). For lessors, the accounting stays almost the same. The bank has started to apply the "TFRS 16 Leases" Standard with using the modified retrospective approach from 1 January 2019.

Set out below are the accounting policies of the Bank upon application of TFRS 16:

Right of use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The right use includes the presence of:

- The initial measurement of the lease;
- The amount obtained by deducting all lease payments received from all lease payments made on or on the date of actual lease; and
- All initial direct costs incurred by the Bank.

At the end of the lease term of the underlying asset's service, the transfer of the Bank is reasonably finalized, and the Bank depreciates the asset until the end of the life of the underlying asset on which the lease actually began. Right-of-use assets are subject to impairment.

Lease Liabilities

The Bank measures the lease obligation at the present value of the unpaid lease payments on the date that the lease commences.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease actually starts:

- Fixed payments;
- Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease;
- Amounts expected to be paid by the Bank under the residual value commitments;
- The use price of this option and, if the Bank is reasonably confident that it will use the purchase option; and
- Fines for termination of the lease if the lease term indicates that the Bank will use an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred. The Bank revises the revised discount rate for the remainder of the lease term, if the implicit interest rate in the lease can be easily determined; the Bank's alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Bank measures the lease obligation as follows:

- Increase the carrying amount to reflect the interest on the lease obligation; and
- Decreases the carrying amount to reflect the lease payments made.

In addition, in the event of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

Short-Term Leases and Leases of Low-Value Assets

The Bank applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

On 5 June 2020, the KGK made amendments to TFRS 16 "Leases" standard by publishing "Concessions Regarding COVID-19" on Lease Payments - "TFRS 16 Leases". With this change, tenants were granted an exemption from not being able to evaluate whether the privileges, which are recognized due to COVID-19 in the lease payments, have been made in the lease. The amendment does not have a significant impact on the financial situation or performance of the Bank.

Due to the Bank's implementation of TFRS 16, assets classified under tangible assets as of 31 December 2021 amounted to TL478,814 (31 December 2020 - TL440,596), lease liability amounted to TL482,495 (31 December 2020 - TL426,407), financing expense amounted to TL59,517 (31 December 2020 - TL52,122), and depreciation expense amounted to TL240,628 (31 December 2020 - TL220,690)

XVI. Explanations on Provisions and Contingent Liabilities

Provisions, other than expected credit loss for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Bank. Whenever the amount of such obligations cannot be measured, they are regarded as "contingent". 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 obligation. If these criteria are not met, the Bank discloses these issues in the explanations and notes related to the financial statements.In cases where reliable estimate cannot be made of the amount of the obligation, it is considered contingent liabilities.For contingent liabilities if the probability that the event will occur is greater than the probability that it will not and the amount of the obligation can be measured reliably, a provision is made.

XVII. Explanations on Obligations of the Bank Concerning Employee Benefits

Provision for employee severance benefits has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Bank.

The Bank has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Bank recognizes all actuarial gains and losses immediately through other comprehensive income.

The Bank does not have any employees who work under limited period contracts with remaining terms longer than 12 months after the balance sheet date.

Provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

There are no foundations, pension funds or similar associations of which the employees are members.

XVIII. Explanations on Taxation

1. Corporate Tax

According to the Corporate Tax Law No. 5520 published in the Official Gazette No. 26205 dated 21 June 2006; Corporate tax is calculated at a rate of 20% over the corporate income. However, in accordance with the Provisional Article 10 added to the Corporate Tax Law, the rate of 20% is applied as 22% for the corporate earnings of the institutions for the taxation periods of 2018, 2019 and 2020 (for the accounting periods starting in the relevant year for the institutions assigned a special fiscal period). Prepaid taxes are followed in "Current Tax Liability" or "Current Tax Asset" accounts to be offset against the corporate tax liability of the relevant year. The Corporate Tax rate, which is 20% in accordance with the Temporary Article 13 added to the Corporate Tax Law with the 11th Article of the Law on the Law on the Collection of Public Claims and Amendments to Some Laws, published in the Official Gazette on 22 April 2021, numbered 7316. It will be applied as 25% for corporate earnings and 23% for 2022. In accordance with Article 14 of the Law, the rate to be applied for the year 2021 will start from the declarations to be submitted as of 1 July 2021. (The tax rate applied in the first advance tax period of 2021 is 20%.)

50% of gain from the sale of real estate which are held more than two years in the assets of the Bank and 75% of gain on disposal of subsidiary shares which are held for more than two years in the assets of the Bank are exemption from tax according to Corporate Tax Law in condition with adding these gains into equity or allocating into a specific fund account in the Bank's liabilities for five years.

Corporations calculate a temporary tax of 22% for the 2020 taxation period and 25% (20% in the first advance tax period of 2021) for the 2021 taxation period over their quarterly financial profits, and declare and pay until the 17th day of the second month following that period. If the advance tax paid amount remains after offsetting, this amount could be either returned as cash or offset.

According to the Corporate Tax Law, financial losses in the declaration can be deducted from the corporate tax base of the period not exceeding 5 years. Declarations and related accounting records can be examined within five years by the tax office. On the other hand, if document subjects to stamp duty and the statute of limitations of tax and penalty is used after the expiry of the time limit, the taxable income of document is regenerated.

The provision for corporate and income taxes for the period is recognized as "Current Tax Charge" in the income statement and current tax effect related to transactions directly recognized in equity are reflected to equity.

Undistributed profit for the period is not subject to withholding tax if it is added to capital or it is distributed to full-fledged taxpayer corporations. However, with the Council of Ministers' decisions numbered 2009/14593 and 2009/14594; published in the Official Gazette No: 27130 dated 3 February 2009 and based on Corporate Tax Law .

No: 5520, 15th and 30th Articles, profit distribution for the period is subject to withholding tax by 15%, for full-fledged real person taxpayers, for those who are not responsible for corporate tax and income tax, for those exempt from corporate and income tax (except for those taxed through their businesses or permanent representatives in Turkey) and for foreign based real person taxpayers.

In accordance with the provisions of the Tax Procedure Law Reiterated Article 298/A, the financial statements should be subject to inflation if both of the following conditions are met:

- If the increase in the price index (D-PPI- Domestic Producer Price Index) is more than 100% in the last three accounting periods, including the current period; and
- More than 10% in the current accounting period.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022, Law No. It has been enacted with the number 7532 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed.

2. Deferred Taxes

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12"). In the calculation of the Parent Bank's deferred tax, the enacted tax rates that are valid in accordance with the current tax legislation are used in accordance with the tax period for the related items. The Corporate Tax rate, which is 20% in accordance with the Provisional Article 13 added to the Corporate Tax Law with the 11th Article of the Law on the Amendment of Certain Laws and the Law on the Collection of Public Claims, published in the Official Gazette on 22 April 2021, numbered 7316. It will be applied as 25% for corporate earnings and 23% for 2022. As of 31 December 2020, deferred tax has been calculated over 20% in accordance with the tax legislation in effect in the relevant period.

Deferred tax liabilities are recognized for all temporary differences whereas deferred tax assets calculated from deductible temporary differences are only recognized if it's highly probable that these will in the future create taxable profit.

The Bank is recognized deferred tax for the Stage 1 and Stage 2 expected credit losses provisions.

Deferred tax effect related to transactions for which the profit or loss effect is directly accounted in equity, is also reflected to equity.

3. Transfer Pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing. "The General Communique on Disguised Profit Distribution by way of Transfer Pricing" published on 18 November 2007 explains the application related issues in detail. According to this Communique, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer, is subject to or exempt from tax.

As discussed under subject Communique's 7.5 Annual Documentation section, taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

XIX. Explanations on Additional Explanations on Borrowings

The Bank generates funds from domestically and internationally resident people and institutions by using debt instruments such as syndication, securitization, collateralized debt and bond issuance. Aforementioned transactions are initially recorded at transaction cost plus acquisition cost, reflective of their fair value, and are subsequently measured at amortized cost by using effective interest rate method.

XX. Explanations on Share Issues

The Bank's paid in capital has not been changed for the current period. The Bank's paid in capital has not been changed for the prior period.

XXII. Explanations 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. There are no acceptances and confirmed bills of exchange presented as liabilities against any assets.

XXII. Explanations on Government Incentives

As of 31 December 2021 the Bank does not have any government incentives or grants (31 December 2020 - None).

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

XXIII. Explanations on Segment Reporting

In addition to corporate banking, retail banking and commercial banking services, the Bank also provides private banking, SME banking, treasury operations and credit card services through branches and alternative channels. The Bank serves its retail banking clients with time and demand deposits, also overdraft services, automatic account services, consumer loans, vehicle loans, housing loans and investment fund services. The Bank provides services including deposit and loans, foreign trade financing, forward and option agreements to its corporate clients. The Bank also serves in trading financial instruments and treasury operations.

The calculations based on the income statement for retail banking (consumer banking and plastic cards), corporate and commercial banking have operational units designated as the main profit centers, have been made according to the product and customer types. During the profitability calculations, the pricing of transfers among these units and treasury unit are made by using cost/return ratios that are determined by the Bank's senior management and which are updated periodically. In this pricing method, general market conditions and the Bank's internal policies are considered.

Corporate and Commercial Banking serves corporate firms with an annual turnover of TL500,000 or more, multinational companies operating in Turkey, and commercial firms with an annual turnover of TL75,000 - 500,000. In addition to the financing and investment needs of its customers, it offers products that will facilitate the payment and collection processes in both domestic and foreign trade. It produces solutions that will create added value for all the needs of its customers with its customer-oriented service approach, company-specific solution approach and strategy to establish long-term business partnerships.

The Consumer Banking meets the needs and expectations of the retail banking customers. The Private Banking Unit has formed and started to operate to serve customers with high level income, in a more effective way. The installments, discounts and bonus advantages are provided to the users of Card Finans in the plastic cards line. The main function of Treasury Segment is managing the liquidity of the Bank and interest and foreign currency risks resulting from market conditions. This segment is in close relation with corporate, commercial, retail and private banking units in order to increase the number of customers and the volume of transactions in treasury products of the Bank.

Current Period (1 January - 31 December 2021)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
Operating income	**6,790,333**	**4,664,089**	**1,779,637**	**13,234,059**
Dividend Income	-	-	518	518
Gain/(Loss) on joint venture accounted for at equity method	-	-	593,155	593,155
Profit Before Taxes	**3,200,871**	**764,511**	**1,024,559**	**4,989,941**
Provision Tax (-)(*)	**-**	**-**	**1,061,827**	**1,061,827**
Net Profit/Loss	**3,200,871**	**764,511**	**(37,268)**	**3,928,114**
Total Assets	**67,745,239**	**132,877,373**	**150,430,105**	**371,369,241**
Segment Assets	67,745,239	132,877,373	150,430,105	351,052,717
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	2,400,164
Undistributed Assets	-	-	-	17,916,360
Total Liabilities	**142,168,592**	**71,777,517**	**110,722,761**	**371,369,241**
Segment Liabilities	142,168,592	71,777,517	110,722,761	324,668,870
Undistributed Liabilities	-	-	-	24,556,311
Equity	-	-	-	22,144,060
Other Segment Accounts	**804,831**	**559,965**	**(24,111)**	**1,340,685**
Capital Expenditures	418,853	291,419	(8,159)	702,113
Depreciation and Amortization	385,978	268,546	(15,952)	638,572

(*) Provision tax is not distributed.

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

Prior Period (1 January - 31 December 2020)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
Operating income	**5,096,062**	**3,409,169**	**1,507,128**	**10,012,359**
Dividend Income	-	-	5,258	5,258
Gain/(Loss) on joint venture accounted for at equity method	-	-	446,975	446,975
Profit Before Taxes	**2,067,657**	**187,141**	**1,004,521**	**3,259,319**
Provision Tax (-)	**-**	**-**	**512,420**	**512,420**
Net Profit/Loss	**2,067,657**	**187,141**	**492,101**	**2,746,899**
Total Assets	**49,111,844**	**89,490,537**	**70,811,072**	**227,243,695**
Segment Assets	49,111,844	89,490,537	70,811,072	209,413,453
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	1,883,297
Undistributed Assets	-	-	-	15,946,945
Total Liabilities	**88,937,401**	**37,038,943**	**67,552,837**	**227,243,695**
Segment Liabilities	88,937,401	37,038,943	67,552,837	193,529,181
Undistributed Liabilities	-	-	-	14,501,747
Equity	-	-	-	19,212,768
Other Segment Accounts	**944,222**	**696,308**	**(68,711)**	**1,571,819**
Capital Expenditures	615,635	453,994	(48,566)	1,021,063
Depreciation and Amortization	328,587	242,314	(20,145)	550,756

XXIV. Profit Reserves and Profit Distribution

The General Assembly Meeting of the Bank was held on 25 March 2021. In the Board of Directors meeting, it was decided that profit from 2020 operations to be distributed as follows.

2020 profit distribution table:

Current Year Profit	**2,588,276**
A - First Legal Reserves (Turkish Commercial Code 519/A) - 5%	670,000
C - Extraordinary Reserves	1,918,276

XXV. Earnings Per Share

Earnings per share listed on income statement is calculated by dividing net profit to weighted average amount of shares issued within respective year.

	Current Period	Prior Period
Net Profit for the Period	3,928,114	2,746,899
Weighted Average Amount of Shares Issued (Thousands)	33,500,000	33,500,000
Earnings Per Share	**0.1173**	**0.0820**

In Turkey, companies can increase capital through “bonus share” distributed from previous year earnings to current shareholders. Such “bonus share” distributions are accounted as issued shares while calculating earnings per share. Accordingly, weighted average amount of shares issued used in these calculations is found through taking into consideration retroactive effects of subject share distributions. In case, amount of shares issued increases after the balance sheet date but before the date of financial statement preparation due to distribution of “bonus share”, earnings per share is calculated taking into consideration the new amount of shares..

Amount of issued bonus shared in 2021 is none (Amount of issued bonus shared in 2020 is none).

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

XXVI. Explanations on Other Matters

TAS 27, as the Bank considers that it is a more reliable and accurate value representation to present its financial subsidiaries in the unconsolidated financial statements of 31 December 2021 by means of the equity method instead of the fair value method, which is affected by the fluctuations in market conditions and for which it is not possible to make a sound calculation in terms of future projections. decided to account according to the equity method within the scope of the application and carried out the application retrospectively within the framework of TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The effect of correction postings is summarized as follows.

31 December 2019	Published	Adjustments	Revised
IV. PARTNERSHIP INVESTMENTS	**1,492,873**	**59,576**	**1,552,449**
4.2. Subsidiaries (Net)	1,250,114	122,838	1,372,952
4.3. Jointly Controlled Partnerships (Business Partnerships) (Net)	236,777	(63,262)	173,515
XVI. EQUITY	**16,685,058**	**59,576**	**16,744,634**
16.3. Other Accumulated Comprehensive Income or Expenses Not to be Reclassified to Profit or Loss	973,518	(948,591)	24,927
16.4. Other Accumulated Comprehensive Income or Expenses to be Reclassified to Profit or Loss	(838,364)	2,822	(835,542)
16.5. Profit Reserves	10,577,034	773,385	11,350,419
16.6. Profit or Loss	2,622,157	231,960	2,854,117
V. Dividend Income	51,187	(48,425)	2,762
XV. Profit/Loss from Partnerships Using Equity Method	-	280,223	280,223

31 December 2020	Published	Adjustments	Revised
IV. PARTNERSHIP INVESTMENTS	**1,892,950**	**(9,653)**	**1,883,297**
4.2. Subsidiaries (Net)	1,596,516	86,899	1,683,416
4.3. Jointly Controlled Partnerships (Business Partnerships) (Net)	282,408	(96,553)	185,855
XVI. EQUITY	**19,222,421**	**(9,653)**	**19,212,768**
16.3. Other Accumulated Comprehensive Income or Expenses Not to be Reclassified to Profit or Loss	1,163,907	(1,275,530)	(111,623)
16.4. Other Accumulated Comprehensive Income or Expenses to be Reclassified to Profit or Loss	(1,079,667)	642	(1,079,025)
16.5. Profit Reserves	13,199,190	1,005,346	14,204,536
16.6. Profit or Loss	2,588,276	259,890	2,848,166
V. Dividend Income	192,343	(187,085)	5,258
XV. Profit/Loss from Partnerships Using Equity Method	-	446,975	446,975

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. Explanations on Equity

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of 31 December 2021 Bank’s total capital has been calculated as TL37,423,424 (31 December 2020 - TL28,207,198), capital adequacy ratio is 15.91% (31 December 2020 - 16.44%).

Based on the press release made by the BRSA on 21 December 2021; due to the fluctuations in the financial markets as a result of the COVID-19 outbreak; in the calsculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy; with monetary assets and non-monetary assets excluding assets that are measured in terms of historical cost in a foreign currency valued amount of items in accordance with TAS and its special provision amounts, spot purchase exchange rate can be used in preparation of financial statements as of simple arithmetic average of the Central Bank foreign exchange buying rates for the last 252 business days before.

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

Explanations on Equity:	Current Period 31 December 2021	Prior Period 31 December 2020
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3,350,000	3,350,000
Share issue premiums	714	714
Reserves	17,052,702	13,199,191
Gains recognized in equity as per TAS	298,650	1,459,099
Profit	3,928,114	2,588,276
Current Period Profit	3,928,114	2,487,009
Prior Period Profit	-	101,267
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	2,689
Common Equity Tier 1 Capital Before Deductions	**24,630,180**	**20,599,969**
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	837,044	679,619
Improvement costs for operating leasing	78,386	67,193
Goodwill (Net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (Net of related tax liability)	573,325	455,268
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (Net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	**1,488,755**	**1,202,080**
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	130,312	260,624
Total Common Equity Tier 1 Capital	**23,271,737**	**19,658,513**

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

ADDITIONAL TIER I CAPITAL	Current Period 31 December 2021	Prior Period 31 December 2020
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	6,813,188	3,853,763
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	**6,813,188**	**3,853,763**
Deductions from Additional Tier I Capital	**-**	**-**
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
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 (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	**-**	**-**
Total Additional Tier I Capital	**6,813,188**	**3,853,763**
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	**30,084,925**	**23,512,276**
TIER II CAPITAL		
Debt instruments and premiums deemed suitable by the BRSA	-	-
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	4,996,338	2,826,093
Provisions (Article 8 of the Regulation on the Equity of Banks)	2,665,224	1,916,622
Tier II Capital Before Deductions	**7,661,562**	**4,742,715**
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	**-**	**-**
Total Tier II Capital	**7,661,562**	**4,742,715**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**37,746,487**	**28,254,991**
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	8,140	7,400
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	314,923	40,393
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	**-**	**-**
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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

	Current Period 31 December 2021	Prior Period 31 December 2020
TOTAL CAPITAL		
Total Capital	37,423,424	28,207,198
Total Risk Weighted Amounts	235,207,150	171,587,620
Capital Adequacy Ratios		
Common Equity Tier 1 Ratio (%)	9.89	11.46
Tier 1 Ratio (%)	12.79	13.70
Capital Adequacy Ratio (%)	15.91	16.44
BUFFERS		
Bank specific total common equity tier 1 capital ratio (%)	2.51	2.51
a) Capital conservation buffer requirement (%)	2.50	2.50
b) Bank specific counter-cyclical buffer requirement (%)	0.01	0.01
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 (%)	3.89	5.46
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	218,294	282,408
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	5,588,842	4,031,306
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2,665,224	1,916,622
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 I Capital subjected to temporary Article 4	6,813,188	3,853,763
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	4,996,338	2,826,093
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4		-

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

Information on debt instruments included in the calculation of equity:

Information on debt instruments included in the calculation of equity:

	1	2	3
Issuer	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Additional Capital	Supplementary Capital	Supplementary Capital
Since 1/1/2015 10% reduction by being subject to the application	No	No	No
Eligible at stand-alone / consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	6,813	1,622	3,374
Par value of instrument (Currency in million)	6,813	1,622	3,374
Accounting classification	Liability - Subordinated Loans-amortized cost	Liability - Subordinated Loans-amortized cost	Liability - Subordinated Loans-amortized cost
Original date of issuance	30 June 2019	1 April 2019	22 May 2017
Perpetual or dated	Undated	Dated	Dated
Original maturity date	-	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Every 5 years	5 years	5 years
Subsequent call dates, if applicable	-	-	-
Coupons / dividends	-	-	-
Fixed or floating dividend/ coupon	Fixed	Floating	Floating
Coupon rate and any related index	First 5 years fixed at 9.50%, next 5 years fixed at MS + 7.08%	6M LIBOR + 5.75%	6M LIBOR + 3.88%
Existence of a dividend stopper	There will be no interest on the deducted value after the impairment	-	-
Fully discretionary, partially discretionary or mandatory	Optional	-	-

	1	2	3
Existence of set-up or another incentive to redeem	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	Yes	Yes
If convertible, conversion trigger(s)	-	Article number 7-2-i of "Own fund regulation"	Article number 7-2-i of "Own fund regulation"
If convertible, fully or partially	-	All of the remaining capital	All of the remaining capital
If convertible, conversion rate	-	(*)	(*)
If convertible, mandatory or optional conversion	-	Optional	Optional
If convertible, specify instrument type convertible into	-	Equity Share	Equity Share
If convertible, specify issuer of instrument it converts into	-	QNB Finansbank A.Ş.	QNB Finansbank A.Ş.
Write-down feature	Yes	None	None
If write-down, write-down trigger(s)	Non-existence of the core capital ratio is less than 5.125%	-	-
If write-down, full or partial	Full and partial	-	-
If write-down, permanent or temporary	Temporary	-	-
If temporary write-down, description of write-up mechanism	Disappearance of non-existence and higher core capital ratio than 5.125%	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After borrowing and contribution capital	After borrowing, before additional capital, the same as other contribution capital	After borrowing, before additional capital, the same as other contribution capital
Incompliance with article number 7 and 8 of "Own fund regulation"	It fulfills the conditions within the Article number 7 of "Own fund regulation"the Regulation on the Equity of Banks.	It fulfills the conditions within the Article number 8 of "Own fund regulation"the Regulation on the Equity of Banks.	It fulfills the conditions within the Article number 8 of "Own fund regulation"the Regulation on the Equity of Banks.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	-	-	-

(*) The conversion rate/value will be calculated based on the market data available when the right is exercised..

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

Information on Article 5 of the Regulation on Equities of Banks:

EQUITY ITEMS	T	T-1
Common Equity	23,271,737	23,271,737
Transition process not implemented Common Equity	23,141,425	23,141,425
Tier 1 Capital	30,084,925	30,084,925
Transition process not implemented Tier 1 Capital	29,954,613	29,954,613
Total Capital	37,423,424	37,423,424
Transition process not implemented Equity	37,293,112	37,293,112
TOTAL RISK WEIGHTED AMOUNTS		
Total Risk Weighted Amounts	235,207,150	235,207,150
Capital Adequacy Ratio		
Common Equity Adequacy Ratio (%)	9.89%	9.89%
Transition process not implemented Common Equity Adequacy Ratio (%)	9.84%	9.84%
Tier 1 Capital Adequacy Ratio (%)	12.79%	12.79%
Transition process not implemented Tier 1 Capital Adequacy Ratio (%)	12.74%	12.74%
Capital Adequacy Ratio (%)	15.91%	15.91%
Transition process not implemented Capital Adequacy Ratio (%)	15.86%	15.86%
LEVERAGE		
Leverage Ratio Total Risk Amount	476,635,281	476,635,281
Leverage (%)	5.96%	5.96%
Transition process not implemented Leverage Ratio (%)[1]	5.90%	5.90%

Explanations on the reconciliation of shareholders' equity items and balance sheet amounts:

There are differences between amounts in the explanation on equity items and amounts on the balance sheet. In this context; up to 1.25% of the amount of the first and second part of the expected loss provisions is taken into account as contribution capital, loses from cash flow hedges have not been taken into consideration in the information on the equity items and valuation adjustments calculated according to item (i) of the first paragraph of the ninth article of the "Regulation on Equity of Banks" have been taken into consideration in the explanations on equity items.

II. Explanations on Risk Management

1. Explanations on credit risk

Credit risk represents the risk arising due to the counter party's not fulfilling its responsibilities stated in the agreement either partially or totally.

Loan strategies and policies are determined by the Policy Committees. These policies and strategies are constituted in line with the applications of the Bank, and credit risk is managed according to these policies and strategies. The quality of loan portfolio is monitored regularly with the help of metrics which are in line with the Bank's risk appetite, as specified in Risk Management Strategies.

Credit Risk Management takes place in every step of the Bank's credit process from the beginning. Loan applications are evaluated by non-profit oriented independent loan granting departments. Loan limits are determined on a product basis and in the aggregate for every individual, corporate customer and risk group. Furthermore, concentration on product, industry, region, are monitored within the frame of loan limits in line with the regulation.

The credibility of the debtors is monitored periodically in accordance with the related regulation. The statements presenting the financial position of the borrowers are obtained in accordance with the related regulation.

Loan limits of the loan customers are revised periodically in line with the Bank's loan limit revision procedures.

The Bank analyses the credibility of the loans within the framework of its loan policies and obtains collaterals for loans.

The Bank has control limits over the positions of forward transactions, options and other similar agreements. The credit risk arising from these instruments are managed together with the risks resulting from market fluctuations.

The Bank monitors risks of forward transactions, options and other similar agreements and reduces the risk if necessary.

Indemnified non-cash loans are weighted in the same risk group with the past due but not impaired loans.

The restructured and rescheduled loans are monitored by the Bank in line with Bank's credit risk management procedures. The debtor's financial position and commercial activities are continuously analyzed and the principal and interest payments of rescheduled loans are monitored by the related departments.

The restructured and rescheduled loans are evaluated in the Bank's current internal rating system besides the follow up method determined in the related regulation.

The risk of banking operations abroad and credit transactions is acceptable and there is no significant credit risk density in the international banking market.

The policies implemented by the bank regarding the calculation of expected loss provisions are explained in note VIII of the third part. The bank has taken the general provision for overdue loans and special provision for impaired loans under the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables (the Provisioning Regulation) into consideration.

With the Decision No. 9996 dated 21 December 2021 of the Banking Regulation and Supervision Agency;

In accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks (Capital Adequacy Regulation) specified in the Board Decision dated 6 September 2021 and numbered 9795 and published in the Official Gazette dated 23 October 2015, monetary assets and non-monetary assets, in the calculation of the amount subject to credit risk; The application of using the simple arithmetic average of the Central Bank's foreign exchange buying rates of the last 252 business days before the calculation date, when calculating the amounts valued in accordance with Turkish Accounting Standards and the relevant provision amounts for items other than items in foreign currency measured in cost terms; until a Board Decision to the contrary is taken. To continue as of January 2022, by using the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of 31 December 2021, in the aforementioned calculation.

In case the net valuation differences of the securities held by the banks in the portfolio of "Securities at Fair Value Through Other Comprehensive Income" as of the date of this Decision are negative, these differences will be calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013, and Allowing the opportunity not to be taken into account in the amount of equity to be used for the capital adequacy ratio, continuing to apply the existing provisions of the aforementioned Regulation for "Securities at Fair Value Reflected in Other Comprehensive Income" acquired after the date of this Decision.

Capital Adequacy Regulation;

The limit for the definition of small and medium-sized enterprises (SMEs) in subparagraph (vv) of the first paragraph of Article 3 is determined as TL220,000,000 for domestic residents in terms of SMEs.

It has been reported that it has been decided to set the retail credit limit as TL10,000,000 in the first sentence of subparagraph (c) of the second paragraph of Article 6, and to use the definition of SME, which is used by the banking authority of the country where the SME is located, in the calculation of capital adequacy for non-resident SMEs.

- The receivables of the Bank from its top 100 cash loan customers are 31% in the total cash loans (31 December 2020 - 27%).
- The receivables of the Bank from its top 200 cash loan customers are 36% in the total cash loans (31 December 2020 - 32%).
- The receivables of the Bank from its top 100 non-cash loan customers are 50% in the total non-cash loans (31 December 2020 - 50%).
- The receivables of the Bank from its top 200 non-cash loan customers are 61% in the total non-cash loans (31 December 2020 - 60%).
- The share of cash and non-cash receivables of the Bank from its top 100 loan customers in total cash and non -cash loans is 29% (31 December 2020 - 27%).
- The share of cash and non-cash receivables of the Bank from its top 200 loan customers in total cash and non -cash loans is 35% (31 December 2020 - 32%).
- The general loan loss provision taken by the Bank is TL5,506,339 (31 December 2020 - TL4,031,306).
- As of 31 December 2021, the Bank does not take any provision for probable risks in loan portfolio amounted (31 December 2020 - None).

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

	Current Period		Prior Period	
Exposure Categories	**Risk Amount(**)**	**Average Risk Amount(*)**	**Risk Amount(**)**	**Average Risk Amount(*)**
Conditional and unconditional receivables from central governments and Central Banks	91,312,405	72,649,337	60,290,631	51,904,653
Conditional and unconditional receivables from regional or local governments	178,915	110,503	93,842	94,260
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	215,372	243,902	378,234	303,835
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	53,060,055	39,366,658	29,958,190	32,234,642
Conditional and unconditional receivables from corporates	96,914,428	91,000,839	82,079,206	71,315,082
Conditional and unconditional receivables from retail portfolios	80,562,759	76,539,422	71,619,493	66,410,977
Conditional and unconditional receivables secured by mortgages	13,832,407	9,748,513	6,660,262	5,480,412
Past due receivables	1,954,401	1,759,215	1,955,922	1,878,086
Receivables defined under high risk category by BRSA	14,126,240	4,565,077	340,547	227,538
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Investment in equities	2,407,839	2,140,960	1,900,625	1,709,353
Other receivables	15,029,445	11,256,089	9,497,684	8,960,771

(*) The average risk amount is determined by calculating the arithmetic average of the post-transformation risk amounts for the January 2021 - December 2021 periods.

(**) The risk amounts are given after the loan conversion rate, and before Loan Risk Reduction.

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

Profile of significant exposures in major regions:

	Exposure Categories(*)							
	1	2	3	4	5	6	7	8
Current Period								
Domestic	91,312,405	178,915	215,372	-	-	4,793,157	91,307,223	52,022,667
EU countries	-	-	-	-	-	38,933,141	427,287	1,254
OECD countries(**)	-	-	-	-	-	1,472,322	13	-
Off-shore banking regions	-	-	-	-	-	3,211,363	297,697	335
USA, Canada	-	-	-	-	-	4,262,094	-	5,165
Other countries	-	-	-	-	-	387,978	4,882,208	28,533,338
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-
Total	**91,312,405**	**178,915**	**215,372**	**-**	**-**	**53,060,055**	**96,914,428**	**80,562,759**

	Exposure Categories(*)							
	1	2	3	4	5	6	7	8
Prior Period								
Domestic	60,290,631	93,842	378,234	-	-	2,917,570	76,903,932	51,191,709
EU countries	-	-	-	-	-	22,275,219	477,650	85
OECD countries(**)	-	-	-	-	-	423,189	11	-
Off-shore banking regions	-	-	-	-	-	2,260,776	247,094	6
USA, Canada	-	-	-	-	-	1,687,202	22,465	164
Other countries	-	-	-	-	-	394,234	4,428,054	20,427,529
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-
Undistributed Assets / Liabilities(***)	-	-	-	-	-	-	-	-
Total	**60,290,631**	**93,842**	**378,234**	**-**	**-**	**29,958,190**	**82,079,206**	**71,619,493**

(*) Exposure categories based on “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks. The risk amounts are given after the loan conversion rate, and before Loan Risk Reduction.

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

(***) Includes assets and liability items that cannot be allocated on a consistent basis

1 - Conditional and unconditional receivables from central governments or central banks
2 - Conditional and unconditional receivables from regional or local governments
3 - Conditional and unconditional receivables from administrative units and non-commercial enterprises
4 - Conditional and unconditional receivables from multilateral development banks
5 - Conditional and unconditional receivables from international organizations
6 - Conditional and unconditional receivables from banks and brokerage houses
7 - Conditional and unconditional receivables from corporates
8 - Conditional and unconditional retail receivables
9 - Conditional and unconditional receivables secured by mortgages
10 - Past due receivables
11 - Receivables defined as high risk category by the Regulator
12 - Mortgage-backed Securities
13 - Securitization Positions
14 - Short-Term Receivables and Short-Term Corporate Receivables from banks and brokerage houses
15 - Investments in the Nature of Collective Investment
16 - Investment in equities
17 - Other receivables

Exposure Categories(*)

9	10	11	12	13	14	15	16	17	Total
13,828,240	1,766,996	12,971,486	-	-	-	-	-	15,029,445	283,425,906
29	11	1,348	-	-	-	-	-	-	39,363,070
-	-	-	-	-	-	-	-	-	1,472,335
-	-	-	-	-	-	-	-	-	3,509,395
19	-	-	-	-	-	-	-	-	4,267,278
4,119	187,394	1,153,406	-	-	-	-	2,407,839	-	37,556,282
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
13,832,407	**1,954,401**	**14,126,240**	**-**	**-**	**-**	**-**	**2,407,839**	**15,029,445**	**369,594,266**

Exposure Categories(*)

9	10	11	12	13	14	15	16	17	Total
6,659,939	1,782,988	269,682	-	-	-	-	-	9,497,684	209,986,211
89	11	63,104	-	-	-	-	-	-	22,816,158
-	3,760	7,761	-	-	-	-	-	-	434,721
-	-	-	-	-	-	-	-	-	2,507,876
62	-	-	-	-	-	-	-	-	1,709,893
172	169,163	-	-	-	-	-	1,900,625	-	27,319,777
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
6,660,262	**1,955,922**	**340,547**	**-**	**-**	**-**	**-**	**1,900,625**	**9,497,684**	**264,774,636**

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

Risk profile by sectors or counterparties

	Exposure Categories(*)								
Current Period	1	2	3	4	5	6	7	8	9
Agriculture	-	-	2,723	-	-	-	686,012	1,533,443	31,494
Farming and Livestock	-	-	2,723	-	-	-	342,296	1,483,694	27,125
Forestation	-	-	-	-	-	-	94	16,032	169
Fishing Industry	-	-	-	-	-	-	343,622	33,717	4,200
Industrial	-	116,496	94	-	-	-	38,932,950	6,578,227	1,706,720
Mining and Quarrying	-	-	-	-	-	-	395,862	112,448	1,547
Manufacturing Industry	-	-	94	-	-	-	32,206,910	6,404,386	1,702,948
Electricity, Gas, Water	-	116,496	-	-	-	-	6,330,178	61,393	2,225
Construction	-	-	-	-	-	-	5,823,853	3,369,239	659,395
Services	50,098,746	33	3,086	-	-	48,207,415	46,118,720	14,951,260	9,330,907
Wholesale and Retail Trade	-	-	2,276	-	-	-	13,719,076	11,818,999	1,241,631
Hotels and Restaurants	-	-	-	-	-	-	2,557,216	320,021	2,210,924
Transportation and Communications	-	-	-	-	-	-	17,277,891	1,075,135	464,727
Financial Institutions	50,098,746	33	-	-	-	48,207,415	2,737,720	97,263	23,443
Real Estate and Rent Services	-	-	-	-	-	-	4,135,545	213,889	4,944,735
Independent Business Services	-	-	697	-	-	-	1,170,653	691,718	61,407
Education Services	-	-	3	-	-	-	101,475	216,608	18,868
Health and Social Services	-	-	110	-	-	-	4,419,144	517,627	365,172
Other	41,213,659	62,386	209,469	-	-	4,852,640	5,352,893	54,130,590	2,103,891
Total	91,312,405	178,915	215,372	-	-	53,060,055	96,914,428	80,562,759	13,832,407

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

1 - Conditional and unconditional receivables from central governments or central banks
2 - Conditional and unconditional receivables from regional or local governments
3 - Conditional and unconditional receivables from administrative units and non-commercial enterprises
4 - Conditional and unconditional receivables from multilateral development banks
5 - Conditional and unconditional receivables from international organizations
6 - Conditional and unconditional receivables from banks and brokerage houses
7 - Conditional and unconditional receivables from corporates
8 - Conditional and unconditional retail receivables
9 - Conditional and unconditional receivables secured by mortgages
10 - Past due receivables
11 - Receivables defined as high risk category by the Regulator
12 - Mortgage-backed Securities
13 - Securitization Positions
14 - Short-Term Receivables and Short-Term Corporate Receivables from banks and brokerage houses
15 - Investments in the Nature of Collective Investment
16 - Investment in equities
17 - Other receivable

Exposure Categories(*)										
10	11	12	13	14	15	16	17	TL	FC	Total
83,721	**50,326**	**-**	**-**	**-**	**-**	**-**	**-**	**2,055,798**	**331,921**	**2,387,719**
83,548	50,326	-	-	-	-	-	-	1,919,928	69,784	1,989,712
31	-	-	-	-	-	-	-	16,326	-	16,326
142	-	-	-	-	-	-	-	119,544	262,137	381,681
219,216	**36,300**	**-**	**-**	**-**	**-**	**-**	**-**	**21,147,714**	**26,442,289**	**47,590,003**
11,820	44	-	-	-	-	-	-	334,862	186,859	521,721
207,353	36,256	-	-	-	-	-	-	20,039,676	20,518,271	40,557,947
43	-	-	-	-	-	-	-	773,176	5,737,159	6,510,335
412,015	**36,463**	**-**	**-**	**-**	**-**	**-**	**-**	**7,502,533**	**2,798,432**	**10,300,965**
768,754	**106,997**	**-**	**-**	**-**	**-**	**-**	**-**	**54,513,384**	**115,072,534**	**169,585,918**
301,312	67,873	-	-	-	-	-	-	21,490,069	5,661,098	27,151,167
41,872	10,900	-	-	-	-	-	-	757,153	4,383,780	5,140,933
15,826	2,788	-	-	-	-	-	-	1,761,420	17,074,947	18,836,367
1,087	-	-	-	-	-	-	-	26,832,358	74,333,349	101,165,707
373,898	1,067	-	-	-	-	-	-	1,012,650	8,656,484	9,669,134
20,962	3,044	-	-	-	-	-	-	1,277,414	671,067	1,948,481
7,605	20,800	-	-	-	-	-	-	354,527	10,832	365,359
6,192	525	-	-	-	-	-	-	1,027,793	4,280,977	5,308,770
470,695	**13,896,154**	**-**	**-**	**-**	**-**	**2,407,839**	**15,029,445**	**114,330,219**	**25,399,442**	**139,729,661**
1,954,401	**14,126,240**	**-**	**-**	**-**	**-**	**2,407,839**	**15,029,445**	**199,549,648**	**170,044,618**	**369,594,266**

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

	Risk Categories(*)								
Prior Period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Agriculture	**-**	**-**	**107,256**	**-**	**-**	**-**	**435,251**	**1,937,651**	**35,530**
Farming and Livestock	-	-	107,256	-	-	-	233,684	1,894,479	35,233
Forestation	-	-	-	-	-	-	1,382	7,143	-
Fishing Industry	-	-	-	-	-	-	200,185	36,029	297
Industrial	**-**	**58,796**	**395**	**-**	**-**	**-**	**29,494,714**	**5,266,411**	**950,528**
Mining and Quarrying	-	-	-	-	-	-	258,843	101,767	30,689
Manufacturing Industry	-	-	395	-	-	-	24,496,029	5,108,043	919,814
Electricity, Gas, Water	-	58,796	-	-	-	-	4,739,842	56,601	25
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**5,672,624**	**3,134,377**	**437,510**
Services	**27,289,714**	**33**	**49,485**	**-**	**-**	**26,549,810**	**41,508,390**	**12,820,978**	**2,986,712**
Wholesale and Retail Trade	-	-	25,421	-	-	-	11,028,794	10,121,938	865,058
Hotels and Restaurants	-	-	-	-	-	-	3,667,770	294,520	262,719
Transportation and Communications	-	-	-	-	-	-	14,718,211	859,697	40,471
Financial Institutions	27,289,714	33	-	-	-	26,549,810	1,000,928	150,995	6,378
Real Estate and Rent Services	-	-	-	-	-	-	5,631,076	219,216	1,652,083
Independent Business Services	-	-	23,979	-	-	-	1,150,561	580,126	38,739
Education Services	-	-	2	-	-	-	193,568	205,974	6,639
Health and Social Services	-	-	83	-	-	-	4,117,482	388,512	114,625
Other	**33,000,917**	**35,013**	**221,098**	**-**	**-**	**3,408,380**	**4,968,227**	**48,460,076**	**2,249,982**
Total	**60,290,631**	**93,842**	**378,234**	**-**	**-**	**29,958,190**	**82,079,206**	**71,619,493**	**6,660,262**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

1 - Conditional and unconditional receivables from central governments or central banks
2 - Conditional and unconditional receivables from regional or local governments
3 - Conditional and unconditional receivables from administrative units and non-commercial enterprises
4 - Conditional and unconditional receivables from multilateral development banks
5 - Conditional and unconditional receivables from international organizations
6 - Conditional and unconditional receivables from banks and brokerage houses
7 - Conditional and unconditional receivables from corporates
8 - Conditional and unconditional retail receivables
9 - Conditional and unconditional receivables secured by mortgages
10 - Past due receivables
11 - Receivables defined as high risk category by the Regulator
12 - Mortgage-backed Securities
13 - Securitization Positions
14 - Short-Term Receivables and Short-Term Corporate Receivables from banks and brokerage houses
15 - Investments in the Nature of Collective Investment
16 - Investment in equities
17 - Other receivable

Risk Categories(*)										
10	11	12	13	14	15	16	17	TL	FC	Total
94,863	**29,852**	**-**	**-**	**-**	**-**	**-**	**-**	**2,430,613**	**209,790**	**2,640,403**
92,363	29,852	-	-	-	-	-	-	2,321,746	71,121	2,392,867
10	-	-	-	-	-	-	-	8,535	-	8,535
2,490	-	-	-	-	-	-	-	100,332	138,669	239,001
229,030	**47,506**	**-**	**-**	**-**	**-**	**-**	**-**	**16,844,977**	**19,202,403**	**36,047,380**
5,101	585	-	-	-	-	-	-	323,133	73,852	396,985
223,877	46,921	-	-	-	-	-	-	16,012,515	14,782,564	30,795,079
52	-	-	-	-	-	-	-	509,329	4,345,987	4,855,316
277,890	**103,387**	**-**	**-**	**-**	**-**	**-**	**-**	**7,252,153**	**2,373,635**	**9,625,788**
974,582	**89,885**	**-**	**-**	**-**	**-**	**-**	**-**	**36,922,232**	**75,347,357**	**112,269,589**
483,316	67,121	-	-	-	-	-	-	18,654,625	3,937,023	22,591,648
24,640	7,052	-	-	-	-	-	-	749,287	3,507,414	4,256,701
19,487	1,915	-	-	-	-	-	-	1,460,172	14,179,609	15,639,781
497	452	-	-	-	-	-	-	12,638,631	42,360,176	54,998,807
393,385	1,094	-	-	-	-	-	-	950,307	6,946,547	7,896,854
21,009	4,655	-	-	-	-	-	-	1,123,023	696,046	1,819,069
26,152	7,529	-	-	-	-	-	-	406,008	33,856	439,864
6,096	67	-	-	-	-	-	-	940,179	3,686,686	4,626,865
379,557	**69,917**	**-**	**-**	**-**	**-**	**1,900,625**	**9,497,684**	**80,663,505**	**23,527,971**	**104,191,476**
1,955,922	**340,547**	**-**	**-**	**-**	**-**	**1,900,625**	**9,497,684**	**144,113,480**	**120,661,156**	**264,774,636**

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

Analysis of maturity-bearing exposures according to remaining maturities(*):

	Term to Maturity				
Current Period Exposure Categories	**Up to 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**Over 1 year**
Conditional and unconditional receivables from central governments and Central Banks	2,559,232	2,252,336	322,789	1,807,675	38,301,974
Conditional and unconditional receivables from regional or local governments	-	-	3,656	-	175,226
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	601	753	9,740	-	194,981
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	6,958,067	9,444,693	1,227,883	6,250,355	5,748,586
Conditional and unconditional receivables from corporates	7,426,760	9,528,865	10,701,131	14,734,326	47,507,148
Conditional and unconditional receivables from retail portfolios	4,290,657	7,058,180	5,711,697	10,682,965	29,234,079
Conditional and unconditional receivables secured by mortgages	118,023	292,342	727,375	1,126,136	11,399,373
Past due receivables	-	-	-	-	-
Receivables defined under high risk category by BRSA	-	-	-	-	12,719,133
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-
Stock investments	7,674	-	-	-	-
Other receivables	-	-	-	-	-
Total	**21,361,014**	**28,577,169**	**18,704,271**	**34,601,457**	**145,280,500**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions and items with maturity items are taken into consideration.

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

Prior Period Exposure Categories	Term to Maturity Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Conditional and unconditional receivables from central governments and Central Banks	5,378,348	601,561	465,873	1,191,926	28,216,576
Conditional and unconditional receivables from regional or local governments	-	-	-	-	93,809
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	790	64,556	77,687	27,861	196,122
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	5,476,687	5,257,721	973,258	1,347,640	5,981,860
Conditional and unconditional receivables from corporates	8,174,090	5,979,785	8,939,981	11,681,043	40,987,825
Conditional and unconditional receivables from retail portfolios	3,228,752	5,064,628	4,859,473	7,533,092	34,580,470
Conditional and unconditional receivables secured by mortgages	60,566	284,686	209,111	428,832	5,595,784
Past due receivables	-	-	-	-	-
Receivables defined under high risk category by BRSA	-	-	350	-	881
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-
Stock investments	7,674	-	-	-	-
Other receivables	-	-	-	-	-
Total	**22,326,907**	**17,252,937**	**15,525,733**	**22,210,394**	**115,653,327**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions and items with maturity items are taken into consideration

Exposures by Risk Weights:

Current Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	Deductions from Equity
1. Exposures Before Credit Risk Mitigation	96,584,389	-	13,408,712	-	37,938,013	76,859,366	130,650,952	14,126,240	-	-	26,594	1,029,378
2. Exposures After Credit Risk Mitigation	96,242,424	-	7,867,434	2,110,492	26,573,924	69,976,791	123,004,153	13,673,659	-	-	26,594	1,029,378

Prior Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	Deductions from Equity
1. Exposures Before Credit Risk Mitigation	62,326,488	-	5,952,692	-	23,110,360	74,912,673	98,057,753	340,547	-	-	74,123	570,254
2. Exposures After Credit Risk Mitigation	62,400,737	-	3,064,374	2,266,686	16,279,682	66,654,276	92,243,299	340,530	-	-	74,123	570,254

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

Information by major sectors and type of counterparties:

Information about impaired credits and past due credits and value adjustments and provisioning methods are described in Part IV Footnote 2.

Current Period	Loans(*)			Provisions	
	Impaired Loans (TFRS 9)				
Major Sectors / Counterparties	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)	Non-Performing (Regulation of Provision)	Provision For Expected Losses of Credit (TFRS 9)	(Regulation of Provision)
1. Agriculture	**251,454**	**358,868**	**-**	**246,384**	**-**
1.1. Farming and Livestock	248,085	356,345	-	243,614	-
1.2. Forestation	1,819	168	-	426	-
1.3. Fishing	1,550	2,355	-	2,344	-
2. Industrial	**1,944,161**	**1,437,538**	**-**	**1,590,491**	**-**
2.1. Mining and Quarrying	23,286	33,767	-	24,947	-
2.2. Manufacturing Industry	1,902,286	1,094,410	-	1,255,020	-
2.3. Electricity, Gas, Water	18,589	309,361	-	310,524	-
3. Construction	**1,013,482**	**1,185,864**	-	**888,299**	-
4. Services	**11,926,149**	**3,460,597**	**-**	**4,738,895**	**-**
4.1. Wholesale and Retail Commerce	1,602,091	1,905,076	-	1,771,944	-
4.2. Hotel and Restaurant Services	966,052	354,433	-	373,499	-
4.3. Transportation and Communication	276,018	132,388	-	143,646	-
4.4. Financial Corporations	7,916,880	825,426	-	1,967,587	-
4.5. Real Estate and Loan Services	94,351	15,656	-	31,055	-
4.6. Independent Business Services	598,745	122,167	-	284,680	-
4.7. Education Services	38,197	66,838	-	41,315	-
4.8. Health and Social Services	433,815	38,613	-	125,169	-
5. Other	**4,057,337**	**2,526,177**	-	**2,563,967**	-
6. Total	**19,192,583**	**8,969,044**	**-**	**10,028,036**	**-**

(*) Represents the distribution of cash loans.

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

Prior Period	Loans(*)		Provisions		
	Impaired Loans (TFRS 9)				
Major Sectors / Counterparties	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)	Non-Performing (Regulation of Provision)	Provision For Expected Losses of Credit (TFRS 9)	(Regulation of Provision)
1. Agriculture	**502,782**	**338,010**	**-**	**309,211**	**-**
1.1. Farming and Livestock	499,944	326,660	-	299,550	-
1.2. Forestation	1,026	298	-	862	-
1.3. Fishing	1,812	11,052	-	8,799	-
2. Industrial	**2,037,183**	**1,418,854**	**-**	**1,581,236**	**-**
2.1. Mining and Quarrying	51,022	16,852	-	24,793	-
2.2. Manufacturing Industry	1,977,375	1,092,735	-	1,246,622	-
2.3. Electricity, Gas, Water	8,786	309,267	-	309,821	-
3. Construction	**1,490,881**	**932,644**	**-**	**1,035,847**	**-**
4. Services	**7,609,441**	**3,691,399**	**-**	**3,842,309**	**-**
4.1. Wholesale and Retail Commerce	1,697,596	2,136,015	-	1,958,025	-
4.2. Hotel and Restaurant Services	660,514	271,829	-	314,696	-
4.3. Transportation and Communication	361,111	128,060	-	167,467	-
4.4. Financial Corporations	3,793,961	894,050	-	1,020,661	-
4.5. Real Estate and Loan Services	79,298	18,740	-	33,170	-
4.6. Independent Business Services	541,342	120,841	-	173,724	-
4.7. Education Services	47,468	82,938	-	58,136	-
4.8. Health and Social Services	428,151	38,926	-	116,430	-
5. Other	**3,230,384**	**2,746,686**	**-**	**2,949,472**	**-**
6. Total	**14,870,671**	**9,127,593**	**-**	**9,718,075**	**-**

(*) Represents the distribution of cash loans.

Movements in value adjustments and provisions

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1. Stage 3 Provisions(**)	6,889,770	1,932,355	(915,506)	(1,145,990)	6,760,629
2. Stage 1-2 Provisions	4,031,306	2,304,838	(747,302)	-	5,588,842

(*) Represents the provision of loans written-off.

(**) Demonstrates provision movement of Stage 3 cash loans.

Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1. Stage 3 Provisions(**)	5,943,713	1,682,490	(731,566)	4,867	6,889,770
2. Stage 1-2 Provisions	2,571,026	1,915,938	(455,658)	-	4,031,306

(*) Represents the provision of loans written-off.

(**) Demonstrates provision movement of Stage 3 cash loans.

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

Exposures subject to countercyclical capital buffer:

The exposures subject to countercyclical capital buffer table prepared in accordance with the communiqué "Regulation on Capital Conservation and Countercyclical Capital buffers of Banks" published in the Official Gazette numbered 28812 dated 5 November 2013 is presented below:

Information on private sector receivables:

Current Period Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	225,671,049	-	225,671,049
Malta	621,516	-	621,516
Other	307,456	-	307,456
Total	**226,600,021**	**-**	**226,600,021**

Prior Period Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	149,725,713	-	149,725,713
Malta	496,750	-	496,750
Other	615,471	-	615,471
Total	**150,837,934**	**-**	**150,837,934**

2. Risk Management and General Disclosures regarding Risk Weighted Amounts

2.1 GBA - Risk management approach of the Bank:

a) The way risk profile of the Bank is determined by business model and the interaction between (e.g. key risks related to business model and in which way those risks are reflected to disclosures) and in which way the risk profile of the Bank is related to risk appetite approved by board of directors

Bank acknowledges that business and strategy risks are material since the Bank's growth oriented business plan is sensitive to changes in market conditions. From this point of view, Bank classifies business and strategy risk as an important risk. Bank reviews its 5 year long term business plans once a year periodically. If the economic developments and market conditions require, then business plans are reviewed and revised more often.

b) Risk management structure: Allocation of responsibilities in the Bank (e.g. supervision and delegation of authorization; separation of responsibilities with respect to their risk type, business unit etc.; relations between structures included in risk management processes (e.g. board of directors, senior management, separate risk committee, risk management unit, legal compliance, internal audit function)

Bank's risk measurement, monitoring, and control functions have clearly defined responsibilities that are sufficiently independent from position/risk taking functions. Risk exposures are directly reported to Senior Management and the Board of Directors/Board Risk Committee. Bank's internal control systems are designed to provide adequate segregation of duties, in order to prevent conflicts of interest with respect to the distinct functions of undertaking, approving, monitoring and controlling risks. In particular the functions that undertake transactions (front line) are administratively and operationally separate from the functions of, confirmation, accounting and settlement of transactions, as well as the safekeeping of the assets of the Bank or its customers.

Risk management governance at the Bank starts with the Board of Directors. The Board Risk Committee ("BRC"), Audit Committee (the "AC"), Assets and Liabilities Committee (the "ALCO"), Corporate and Retail Credit Policy Committee ("CPC"), Operational Risk Management Committee ("ORMC"), Reputation Risk Management and Risk Management Department are the important bodies of the risk management structure. The Board of Directors determines the general risk policy and the risk appetite of the Bank.

The Audit Committee is responsible for supervising whether the Bank complies with the provisions of applicable risk management legislation, and the internal risk management policies and procedures approved by the BoD. The AC reviewing whether the Bank has the methods, instruments and procedures required for identifying, measuring, monitoring and controlling the risk exposures of the Bank.

The ALCO, meeting monthly, is responsible for monitoring and managing the structural asset-liability mismatches of the Bank, as well as monitoring and controlling liquidity risk and foreign currency exchange risk.

The CPC meets monthly and is responsible for monitoring and evaluating the Bank's lending portfolio and determining principles and policies regarding the credit risk management processes such as loan approval, limit setting, rating, monitoring and problem management. The ORMC meets every three months and is responsible for reviewing operational risk issues of the Bank and defining the necessary actions to be taken to minimize these risks. The Reputation Risk Management Committee is established to identify, evaluate and monitor the reputational risks that the Bank is exposed to and to take necessary actions to prevent risks and meets quarterly.

The Risk Management Department, working independently from the executive functions and reporting to the Board of Directors, is organized under three main sections as market risk, credit risk, operational risk and model validation, each having responsibility for identifying, measuring, monitoring, controlling and managing the relevant risks as well as for model validation, assessing the predictive ability of risk estimates and the use of ratings in credit processes.

The Compliance function is ensuring, through proper procedures, that the requirements and deadlines provided for by the regulatory framework in force are observed. In doing so, the compliance function informs all Bank employees on the relevant changes to the regulatory framework and provides guidance on the required changes to internal rules and processes. Moreover, the Compliance function cooperates as appropriate with the Risk Management unit, as compliance risk is considered a subcategory of operational risk.

Internal audit function acts as one of the three lines of defense of Bank risk Management model and provides the independent review function. Risk assessments at internal audit are carried out by internal audit department by paying attention to exposures that Bank has and controls relevant to them during audit works.

c) Channels which are used to extend and apply risk culture in the Bank (e.g. behavior rules, manuals including operation limits or procedures which shall be applied when the risk limits are exceeded, procedures regarding sharing of risk matters between business units and risk units)

The Risk Appetite Statement stands out as the basic risk management policy document in which the Bank defines its risks and determines its risk appetite and management principles. It also defines current and targeted risk profile and appetite, risk management organization, and core risk management capabilities.

Corporate and Retail Loan Policies and application directions also determines the Bank's credit risk management workflow and procedures.

TFRS 9 Impairment Policy is to define TFRS 9 Impairment and related activities to be performed in accordance with the requirements of TFRS 9 Implementation Guide. The policy is to determine the roles and responsibilities of the Group units within the framework of TFRS 9, to determine the changes specific to TFRS 9 apart from the existing credit policy guidelines, to establish guidelines for TFRS 9 risk monitoring, control and reporting activities, and to establish the TFRS 9 Impairment framework applied within the Group. aims to provide.

Corporate Rating Governance Policy regulates the internal governance framework for corporate and commercial segment risk rating system operations.

Capital Management Policy sets a framework for managing capital requirements and adequacy assessment, capital planning, capital measurement and monitoring, capital allocation, risk-adjusted aims to establish performance measurement and pricing principles.

Country Risk Policy is to set a consistent framework for the identification, management and reporting of country risk that QNB Finansbank is exposed to through its counterparties in different countries.

Counterparty Credit Risk Policy, the risk strategy determined by the Bank with risk policies and local legislation in comply with effective and sufficient counterparty credit risk management with caution, constant to establish based on the principles of applicability.

The Market Risk Management Policy determines the key principles underlying the operations of the Bank in money and capital markets including limit structure.

The IRRBB Management Policy defines the key principles of the management of interest rate risk arising from non-trading activities.

The liquidity policy outlines the Bank's view and identifies the guidelines for incurring, retaining and managing liquidity risk.

The Fair Value Policy aims to define the main principles, roles and responsibilities for measuring the fair value of financial instruments in accordance with accounting provisions and regulatory principles.

Investment Portfolio Risk Policy ensures that the activities related to the management of the Group's investment portfolio are carried out in accordance with generally accepted practices. This policy explains the objectives and targets of the investment portfolio, whose management is given to the Treasury Trading and Asset-Liability Management units by the Asset-Liability Committee (ALCO). It also defines the management and risk control framework for managing and maintaining the investment portfolio.

The Operational Risk Management Policy ensures that all the Bank's stakeholders manage operational risk within a formalised framework aligned to business objectives.

Reputation Risk Policy, identifies the rules and frame of managing the reputation risk.

The Environmental and Social Risk Policy (Policy) sets forth QNB Finansbank's approach to environmental and social issues in line with the sustainability policy, strategy and ESG (Environmental, Social, Governance) commitments of QNB Group and QNB Finansbank.

d) Key elements and scope of risk measurement systems

Consistent across the Bank internal risk rating systems appropriate to the nature, size and complexity of each activity and fully integrated in credit processes. The internal risk rating system employs appropriate credit risk rating models the scope and coverage of which are adequate to accommodate the Bank's strategic aspirations and regulatory requirements. In particular, the Bank's internal rating systems form the basis of capital assessment and allocation and constitute a key element of risk adjusted performance measurement, pricing and profitability measurement.

Information systems and analytical techniques that enable measurement of credit risk inherent in all relevant activities, providing adequate information on the composition of the credit portfolio, including identification of any concentrations of risk. The Market Risk Management Policy determines the key principles underlying the operations of the Bank in money and capital markets. Key principles of Market Risk Management Framework are:

The Board Risk Committee is responsible for ensuring that market risk strategy and policy are consistently implemented. This includes:

- Implementation of the market risk management policy;
- Designation of risk limits;
- Definition of responsibilities for every unit involved in market risk management;
- Ongoing market risk monitoring and control, ensuring that risk appetite remains within the approved limits;
- Setting up appropriate IT systems for evaluating and monitoring the risks taken;
- Setting up standard models for market risk positions valuation and performance evaluation;
- Setting up comprehensive reporting and internal control systems;
- Providing for the maintenance of an adequate level of regulatory capital against the market risk undertaken; and
- Providing for the disclosure of information regarding the type and level of the market risk assumed and for the implementation of policies for the management thereof.

e) Disclosures regarding risk reporting processes provided to Board of Directors and senior management (especially on the scope and main content of reporting)

Monthly risk reports are submitted to the Board of Directors and Board Risk Committee. These executive reports include information related to capital adequacy, Market Risk, Credit Risk, Counterparty Credit Risk and Operation Risk.

Credit Risk section of the report consists of three main sub sections such as General Outlook to the Total Portfolio, Business Loans and Retail Loans, and include.

- Basic risk appetite parameters included in the Bank's Risk Appetite Statement document;
- Exposures by segments, monthly and annual changes, portfolio growth;
- Sector concentration and risk metrics;
- Delinquency amounts, product types and delinquencies by segments, new NPLs and recoveries from NPLS;
- Detailed watchlist analyses for business segments;
- Rating distributions, PD distributions, expected loss trend, collateral structure;
- New NPLs, vintage analyses, recoveries by segments and products;
- Restructured credits by segments;
- Derivative products exposures by segments, stress testing; and
- Credit risk information regarding subsidiaries.

The Risk Management Division is required to inform Senior Management and Board Member who is responsible from Internal Systems on Market Risk of Trading Book and AFS portfolio.

Reports are prepared daily and indicatively include the following:

- Estimation of the VaR on aggregate basis and by type of risk (interest rate, FX, equity);
- Estimation of stress VaR on aggregate basis and by type of risk (interest rate, FX, equity);
- Sensitivity of the trading and AFS portfolio;
- Nominal values of bond portfolios;
- Breakdowns of the portfolio and utilization of the relevant limits;
- Utilization of limits on option Greeks; and
- Subsidiary VaR calculation.

In addition, Board of Directors Risk Committee Report is prepared monthly in a way covering abovementioned market risk metrics and stress tests in order to be presented to Board of Directors and Risk Committee.

Operational Risk segment reporting broadly covers the following:

- Operational risk loss events experienced in the group;
- Key risk indicators and risk metrics; and
- Action tracking.

f) Disclosures regarding stress test (e.g. assets included in stress test, adapted scenarios and used methodologies and use of stress test in risk management)

Stress test constitute the center of capital planning within the scope of the Group's APICA (Assessment Process of Internal Capital Adequacy). The bank's general principles on these stress testing framework can be summarized as follows:

- Comprehensive stress testing, aggregated per risk category, is conducted at least annually on year end data and business plan.
- Stress testing is integrated to the ICAAP document which is subject to Board of Directors approval.
- A historical scenario is selected as an anchor scenario to be used on the construct of base adverse scenario for the stress test use. However, final scenario is applied by enriching with hypothetical components as independent from anchor scenario.
- Bank's stress testing framework encompasses sensitivity tests.
- The impact of the stress testing on the Bank's financial strength and capital position are analyzed through some key ratios and key items including but not limited to the following: Non-performing Loan Ratio, Return of Equity, Return on Asset, Leverage Ratio, Core Tier I Ratio, Capital Adequacy Ratio, Loan Balances, Balance Sheet Items, Income Statement Items.
- Stress testing framework encompasses reverse stress testing.

In scenarios using stress testing, as a result of increase in non-performing loans due to significant deterioration in asset quality and a decrease in capital adequacy, The Bank's ability to meet capital-strengthening actions and cash outflows that may occur in case of a possible liquidity crisis were tested. In this context, when the potential risks created and to be created by Covid are evaluated, it is thought that the Bank has the power to be able to act at an adequate level.

Market Risk Management defines the stress test approaches as below:

- To move the risk factors parallel in one direction;
- To move the risk factors non parallel; and
- To perform tests to the existing portfolio based on past extreme situations.

Trading book consists of Financial Assets at Fair Value Through Profit or Loss securities, Financial Assets at Fair Value Through Profit or Loss derivatives and open currency positions which are clearly defined in Market Risk Management Policy.

Within the scope of liquidity stress test to identify possible sources of liquidity weaknesses, scenarios that are specific to the bank, related to the market in general and taking both situations into account have been defined. Thus, the Bank's ability to meet its obligations during a funding crisis is tested. The bank has had four different stress tests measuring how much it can meet its promises, without providing any new funds from the market or at very low levels of funds, cumulative cash outflows. During the coronavirus epidemic, the scenarios were reviewed by observing the financial movements and the minimum life expectancy of the Bank and it has been observed that it is resistant to stress over 30 days.

g) Risk management, protection and mitigation strategies and process of the Bank sourcing from its business model and Monitoring processes of continuing effects of protection and mitigation

Forecasts related to effectiveness of credit risk mitigation methods and collection ability of the Group associated with miscellaneous collateral types are stated with consideration ratios on the basis of collaterals. The aforementioned ratios are determined based on long term historical observations of the Group and judgement of expert business units and most importantly with precautionary principle.

Likewise, conservatism is also embedded in regulatory rules through respective haircuts, collateral eligibility requirements and so forth. Furthermore, the collaterals used as a risk mitigant in the Bank's capital adequacy calculations are predominantly cash or equivalent collaterals. The treatment of cash collaterals is straight forward, issues about recovery, and valuation are not relevant.

Regarding the exposure secured with mortgages, the new capital adequacy regime with Basel II increased the operational requirements for the recognition.

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

2.2. GB1 - Overview of Risk Weighted Assets:

		Risk Weighted Amount		Minimum Capital Requirement	
		31.12.2021	**31.12.2020**	**31.12.2021**	**31.12.2020**
1.	Credit Risk (excluding counterparty Credit Risk)	203,244,172	147,672,351	16,259,534	11,813,788
2.	Standardized approach	203,244,172	147,672,351	16,259,534	11,813,788
3.	Internal rating-based approach	-	-	-	-
4.	Counterparty credit risk	9,973,738	5,657,395	797,899	452,592
5.	Standardized approach for counterparty credit Risk	9,973,738	5,657,395	797,899	452,592
6.	Internal model method	-	-	-	-
7.	Basic risk weight approach to internal models equity position in the banking account	-	-	-	-
8.	Investments made in collective investment companies - look-through approach	-	-	-	-
9.	Investments made in collective investment companies - mandate-based approach	-	-	-	-
10.	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-	-
11.	Settlement risk	-	-	-	-
12.	Securitization positions in banking accounts	-	-	-	-
13.	IRB ratings-based approach	-	-	-	-
14.	IRB Supervisory Formula Approach	-	-	-	-
15.	SA/simplified supervisory formula approach	-	-	-	-
16.	Market risk	5,239,000	3,589,088	419,120	287,127
17.	Standardized approach	5,239,000	3,589,088	419,120	287,127
18.	Internal model approaches	-	-	-	-
19.	Operational Risk	16,750,240	14,668,786	1,340,019	1,173,503
20.	Basic Indicator Approach	16,750,240	14,668,786	1,340,019	1,173,503
21.	Standard Approach	-	-	-	-
22.	Advanced measurement approach	-	-	-	-
23.	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24.	Floor adjustment	-	-	-	-
25.	**TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)**	**235,207,150**	**171,587,620**	**18,816,572**	**13,727,010**

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

3. Linkages between financial statements and risk amount

3.1. B1 - Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts

	Carrying values of items in accordance with TAS					
Current Period Assets	Financial statements prepared as per TAS	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitization framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Cash and balances with the Central Bank	70,287,488	70,294,571	-	-	-	-
Trading Financial Assets(*)	10,050,007	-	10,037,042	-	5,627,985	-
Financial Assets at Fair Value Through Profit or Loss	681,357	537,617	-	-	213,340	-
Banks	15,116,734	15,120,404	-	-	-	-
Money Market Placements	159,508	-	159,508	-	-	-
Financial Assets Available-for-Sale (Net)	19,641,086	19,641,086	8,052,567	-	-	-
Loans and Receivables	200,622,611	205,660,062	-	-	-	323,063
Factoring Receivables	-	-	-	-	-	-
Held-to-maturity investments (Net)	29,847,184	29,856,976	14,938,096	-	-	-
Investment in Associates (Net)	14,026	14,026	-	-	-	-
Investment in Subsidiaries (Net)	2,167,844	2,167,844	-	-	-	-
Investment in Joint ventures (Net)	218,294	218,294	-	-	-	-
Lease Receivables	-	-	-	-	-	-
Derivative Financial Assets Held For Hedging(*)	11,953,886	-	11,953,886	-	-	-
Property And Equipment (Net)	3,660,133	3,581,747	-	-	-	78,386
Intangible Assets (Net)	628,673	-	-	-	-	628,673
Investment Property (Net)	2,040	-	-	-	-	-
Tax Asset	133,892	133,892	-	-	-	-
Assets Held For Resale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Other Assets	6,184,478	6,192,980	-	-	-	-
Cash and balances with the Central Bank	**371,369,241**	**353,419,499**	**45,141,099**	**-**	**5,841,325**	**1,030,122**
Liabilities						
Deposits	226,923,219	-	-	-	-	-
Derivative Financial Liabilities Held for Trading(**)	10,784,969	-	-	-	5,940,715	-
Funds Borrowed	27,031,918	-	-	-	-	-
Money Markets	18,019,989	-	18,019,989	-	-	-
Marketable Securities Issued	28,388,752	-	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous Payables(***)	17,919,881	-	-	-	-	-
Other Liabilities(***)	4,575,926	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-
Lease Payables	492,689	-	-	-	-	-
Derivative Financial Liabilities Held For Hedging(**)	1,667,459	-	-	-	-	-
Provisions	1,567,815	-	-	-	-	-
Tax Liability	-	-	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Loans	11,852,564	-	-	-	-	-
Shareholder's Equity	22,144,060	-	-	-	-	-
TOTAL LIABILITIES	**371,369,241**	**-**	**18,019,989**	**-**	**5,940,715**	**-**

(*) Financial assets held for trading and derivative financial assets for hedging purposes are included in the "Derivative Financial Assets" item in the financial statements.

(**) Financial liabilities held for trading and derivative financial liabilities for hedging purposes are included in the "Derivative Financial Liabilities" item in the financial statements.

(***) Miscellaneous payables and other liabilities are presented under "Other Liabilities" items in the financial statements.

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

	Carrying values of items in accordance with TAS					
Prior Period Assets	**Financial statements prepared as per TAS**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to the Securitization framework**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Cash and balances with the Central Bank	27,403,058	27,406,457	-	-	-	-
Trading Financial Assets	4,717,414	-	4,711,390	-	2,923,315	-
Financial Assets at Fair Value Through Profit or Loss	570,938	116,829	-	-	315,301	-
Banks	1,456,535	1,466,703	-	-	-	-
Money Market Placements	342,734	-	342,734	-	-	-
Financial Assets Available-for-Sale (Net)	15,181,089	15,181,089	7,654,584	-	-	-
Loans and Receivables	138,602,382	142,420,889	-	-	-	47,793
Factoring Receivables	-	-	-	-	-	-
Held-to-maturity investments (Net)	18,733,200	18,743,356	7,500,243	-	-	-
Investment in Associates (Net)	14,026	14,026	-	-	-	-
Investment in Subsidiaries (Net)	1,596,516	1,596,516	-	-	-	-
Investment in Joint ventures (Net)	282,408	282,408	-	-	-	-
Lease Receivables	-	-	-	-	-	-
Derivative Financial Assets Held For Hedging	4,632,212	-	4,632,211	-	-	-
Property And Equipment (Net)	3,476,281	3,409,088	-	-	-	67,193
Intangible Assets (Net)	504,698	-	-	-	-	455,268
Investment Property (Net)	-	-	-	-	-	-
Tax Asset	931,700	931,700	-	-	-	-
Assets Held For Resale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Other Assets	8,808,157	8,816,190	-	-	-	-
TOTAL ASSETS	**227,253,348**	**220,385,251**	**24,841,162**	**-**	**3,238,616**	**570,254**
Liabilities						
Deposits	130,559,731	-	-	-	-	-
Derivative Financial Liabilities Held for Trading	6,494,380	-	-	-	2,843,562	-
Funds Borrowed	20,192,024	-	-	-	-	-
Money Markets	14,489,394	-	14,489,394	-	-	-
Marketable Securities Issued	13,506,385	-	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous Payables	9,243,607	-	-	-	-	-
Other Liabilities	2,682,947	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-
Lease Payables	446,675	-	-	-	-	-
Derivative Financial Liabilities Held For Hedging	1,582,972	-	-	-	-	-
Provisions	1,064,819	-	-	-	-	-
Tax Liability	1,063,699	-	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Loans	6,704,294	-	-	-	-	-
Shareholder's Equity	19,222,421	-	-	-	-	-
TOTAL LIABILITIES	**227,253,348**	**-**	**14,489,394**	**-**	**2,843,562**	**-**

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

3.2. B2-The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements:

	Current period	Total	Subject To Credit Risk	Subject to the Securitization	Subject To Counterparty Credit Risk	Subject To Market Risk
1.	Asset carrying value amount under scope of regulatory consolidation	404,401,923	353,419,499	-	45,141,099	5,841,325
2.	Liabilities carrying value amount under regulatory scope of consolidation	23,960,704	-	-	18,019,989	5,940,715
3.	Total net amount under regulatory scope of consolidation	380,441,219	353,419,499	-	27,121,110	(99,390)
4.	Off-Balance Sheet Amounts	203,325,508	37,004,161	-	-	-
5.	Differences due to different netting rules	5,338,390	-	-	-	5,338,390
6.	Repo transactions	1,470,527	-	-	1,470,527	-
7.	Potential credit risk amount calculated for the counterparty	2,295,441	-	-	2,295,441	-
8.	Differences due to credit risk reduction	(19,239,568)	(6,019,366)	-	(13,220,202)	-
9.	Average exchange rate effect(*)	(62,595,699)	(62,595,699)	-	-	-
	Risk Amounts	**-**	**321,808,596**	**-**	**17,666,876**	**5,239,000**

(*) It shows the average exchange rate effect used in credit risk calculation within the scope of the BRSA's Resolution dated 21 December 2021.

	Prior period	Total	Subject To Credit Risk	Subject to the Securitization	Subject To Counterparty Credit Risk	Subject To Market Risk
1.	Asset carrying value amount under scope of regulatory consolidation	248,465,029	220,385,251	-	24,841,162	3,238,616
2.	Liabilities carrying value amount under regulatory scope of consolidation	17,332,956	-	-	14,489,394	2,843,562
3.	Total net amount under regulatory scope of consolidation	231,132,073	220,385,251	-	10,351,768	395,054
4.	Off-Balance Sheet Amounts	144,254,314	27,418,139	-	-	-
5.	Differences due to different netting rules	3,194,034	-	-	-	3,194,034
6.	Repo transactions	2,815,398	-	-	2,815,398	-
7.	Potential credit risk amount calculated for the counterparty	1,520,171	-	-	1,520,171	-
8.	Differences due to credit risk reduction	(10,611,083)	(3,904,385)	-	(6,706,698)	-
9.	Average exchange rate effect(*)	(8,555,937)	(8,555,937)	-	-	-
	Risk Amounts	**-**	**235,343,068**	**-**	**7,980,639**	**3,589,088**

(*) It shows the average exchange rate effect used in credit risk calculation within the scope of the BRSA's Resolution dated 8 December 2020.

3.3. BA- Disclosures regarding differences between amounts valued according to TAS and risk exposures

a) None.

b) There is no significant difference between amounts valued in accordance with TAS included in B2 and risk exposures except for "Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)". There is a significant difference between amounts valued according to TAS and risk exposures, since the securities which are subject to repurchase that include in Money Market Payables account item are subject to counter party risk.

c) Valuation methodologies regarding the disclosure related to use of Market Value and Model Value:

In general terms, market risk is the possibility of making loss as a result of changes occurring in the current market values of financial assets and positions in the bank's trading accounts. In this framework, the following elements of the Bank, which must be reflected on balance sheet over their current market values (market to market), are included in market risk.

- Equity shares included in trading, investment fund participation documents, securities such as bonds and bills.
- Open foreign exchange position with respect to each foreign currency.
- Derivative contracts (forwards) sensitive to interest changes and concluded for trading, future transactions, simple or complex options, swaps, credit derivatives.

Classification of Trading Accounts are made in accordance with Appedix-3 of Regulation on Measurement and Evaluation of Bank's Capital Adequacy.

QNB Finansbank calculates its value at market risk with standard method in the framework of "Regulation on Measurement and Evaluation of Bank's Capital Adequacy". Accordingly, capital requirement is reached through multiplying of total of general market risk, commodity risk, settlement risk, exchange risk option risk to 12.5.

Value at market risk of the Bank is reached through the determination of amounts related to market risk in scope of Basel 2 reporting set. Details of analysis are as follows:

- Commodity risk analysis: Simplified approach (Standard method);
- Interest rate risk analysis: General Market Risk Calculation (Standard method - maturity approach) - Specific risk calculation (Standard method);
- Equity share risk analysis: Position risk in equity share investments (Standard method);
- Exchange rate exposure analysis (Standard method); and
- Option risk analysis: Weighting method with delta factor (Standard method).

Securities such as equity share, bond and bills, whose market prices are monitored directly, and derivative products such as futures, which are traded in stock exchange, are reviewed over their transaction prices as of reporting date. If a security included in Financial Assets at Fair Value through Profit/Loss portfolio cannot be treated as of reporting date, it is evaluated over the price determined in scope of precautionary principles.

Market value of products, which are traded at over the counter markets such as forward foreign exchange, foreign exchange swaps and interest swaps, are calculated in line with discounting of cash flows over market interest rates. Market value of option transactions is performed based on softwares which are internationally accepted valuation methodologies .

Definition of independent price approval processes:

There are four main price parameters which shall have an impact on current market value of financial assets and positions held by the Banks:

- Market interest rates (bond, bill and derivative prices);
- Share Prices;
- Exchange rates; and
- Gold, other precious metals and commodity prices.

Total risk of loss sourcing from price movements (interest, equity share, exchange and commodity risk) related to financial assets and positions are called as "general market risk".

Independency of price process in ensured through the recording and management of prices to Bank systems by back office. In addition, the pricing and valuation systems in question are also reviewed and validated by Validation Unit. Details belonging to aforementioned valuation and accounting are strictly documented and monitored by Treasury Control Unit.

Processes for valuation adjustments or differences (It includes definition of process and methodology definition for the valuation of trading positions according to type of financial instrument)

TL borrowing instruments included in securities portfolio of Financial Assets at Fair Value through Profit/Loss account consist of government securities. The aforementioned securities are evaluated based on weighted average price traded in BIST. Market price is calculated based on CBT prices for TL securities not traded in BIST. Average of quotation of purchase and sell in the market are accepted as market price for Foreign Currency securities included in the same portfolio.

4. Credit Risk Disclosures

4.1. General Information on Credit Risk

4.1.1. CRA - General Qualitative Information on Credit Risk:

a) Conversion of Bank's business model to components of credit risk profile

The Bank deploys forward looking, risk sensitive measurement systems and tools, including appropriate information technology applications and management information systems, to account for expected and unexpected losses in both normal and stress market conditions, for all types of risks as appropriate. The conversion of business model to components in risk profile is digitized through aforementioned instruments.

b) Conversion of Bank's business model to components of credit risk profile

Bank credit policies have been established to form effective and satisfactory loan allocation processes based on prudence and applicability principles in a way that it is in line with the risk boundaries set by the Bank, Bank Credit Policies and legal authorities. Pillars of credit risk management policy in Bank are:

- Rules and Regulations of BRSA (Banking Regulation and Supervision Agency);
- Decisions of institutions auditing QNB Bank;
- Credit policies and procedures at Group level;
- Credit policies and procedures at Bank level;
- Risk Appetite Statement Document;
- Corporate, commercial and SME banking credit policies and corporate grading management documents; and
- Individual credit and credit cards policies.

Risk Appetite Statement Document comes out as the main risk management policy document in which the Bank defines its risks, determines the risk appetite and the risk management principles. Credit risk limits are reviewed annually, consistent to risk strategy.

c) Structure and organization of credit risk management and control function

All of the process related to direct or indirect credit allocation, extension, monitoring and operation of the Bank in favour of individuals or legal entities are reviewed in scope of credit risk management. Activities related to capital management includes calculation of legal and economic capital requirement of annual and long term business plans of the Bank.

Activities related to Credit Risk and Capital Management are carried out by Credit Risk Analytic, Strategy and Capital Management unit. Bank's Credit Risk organization, duties and responsibilities, related units and responsibilities of those units are identified in detail in the own Credit Policy documents of the Bank, Risk Appetite Statement Document and Risk Management Department operation instruction and also main principles, applications, limits and reporting processes, which are going to be adopted in Credit Risk Management, are included.

Main responsibilities of Credit Risk Management Department are as follows:

- To establish risk management policies and strategies related to risks exposed by the Bank and to submit those policies and strategies for the approval of Board of Directors Risk Committee;
- To ensure fulfilment of risk identification, measurement, analysis, monitoring, control and mitigation activities in accordance with risk management policies and processes approved by Board of Directors and to report all significant in balance and off balance risks which are undertaken at Bank level to senior Management;
- To make internal capital adequacy review covering all risks and to make forecasts related to course of capital adequacy ratio in the framework of long term business plans of the Bank;
- To make periodic stress tests and scenario analysis and establish early warning systems;
- To support decision-making processes of the Bank through providing reviews and risk point of view with respect to risk Management;
- To promote risk awareness and management culture at Bank level;
- To develop of forecasting models/approaches and the measurement monitoring of portfolio credit risk through Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD); and
- Implementation of risk based Credit Classification and Expected Credit Loss (ECL) calculations under TFRS 9, determination of credit risk measurement framework, development and implementation of relevant models / approaches.

d) Relationship between credit risk management, risk control, legal compliance and internal audit functions

Risk governance model includes three lines of defense consisting of:

- The risk taking units (lines of business) at the first level, responsible for assessing and minimizing risks for a given level of return;
- Risk Management Unit, at the second level, identifies, monitors, controls, quantifies risk, provides appropriate tools and methodologies, provides coordination and assistance; measures risk adjusted performance across the business lines; reports to appropriate levels and proposes mitigation measures, being supported by business lines, where the risk is actually created, and specialized units; and
- Internal Audit - provides the independent review function.

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

The Compliance function is ensuring, through proper procedures, that the requirements and deadlines provided for by the regulatory framework in force are observed. the compliance function informs all Bank employees on the relevant changes to the regulatory framework and provides guidance on the required changes to internal rules and processes. Moreover, the Compliance function cooperates as appropriate with the Risk Management unit, as compliance risk is considered a subcategory of operational risk.

Internal audit function acts as one of the three lines of defense of Bank risk Management model and provides the independent review function. Risk assessments at internal audit are carried out by internal audit department by paying attention to exposures that Bank has and controls relevant to them during audit works.

e) Disclosures regarding risk reporting processes provided to Board of Directors and senior management (especially on the scope and main content of reporting)

Monthly risk reports are submitted to the Board of Directors and Board Risk Committee. These executive reports include information related to capital adequacy, Market Risk, Credit Risk, Counterparty Credit Risk and Operation Risk. Report mainly consists of the following; changes in risk parameters, changes in exposures of segments, concentration and risk metrics, stress testing and results, delinquency amounts and ratios by segments, stage 3, stage 2, rating and PD distributions, vintage analyses, collaterals, recoveries, restructurings. In addition to these monthly reports, a comparative analysis with peer Banks, which is based on quarterly capital adequacy and credit risk metrics, is also reported to senior management and the board of directors.

4.2. CR1 - Credit quality of assets:

	Gross carrying values of as per TAS			
Current Period	**Defaulted exposures**	**Non-defaulted exposures**	**Provision/ Allowances/ impairments**	**Net values**
1. Loans(*)	8,969,044	203,984,380	6,760,629	206,192,795
2. Debt Securities	-	49,490,388	-	49,490,388
3. Off-balance sheet Exposures	410,472	130,827,987	54,581	131,183,878
4. Total	**9,379,516**	**384,302,755**	**6,815,210**	**386,867,061**

(*) Includes financial assets at fair value through profit or loss in line with TFRS 9 amounting to TL209,670 (31 December 2020 - TL116,829).

	Gross carrying values of as per TAS			
Prior Period	**Defaulted exposures**	**Non-defaulted exposures**	**Provision/ Allowances/ impairments**	**Net values**
1. Loans(*)	9,127,593	140,347,688	6,889,770	142,585,511
2. Debt Securities	-	33,916,771	-	33,916,771
3. Off-balance sheet exposures	353,323	93,022,977	48,284	93,328,016
4. Total	**9,480,916**	**267,287,436**	**6,938,054**	**269,830,298**

(*) Includes financial assets at fair value through profit or loss in line with TFRS 9 amounting to TL116,829 (31 December 2020 - TL86,838).

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

4.3. CR2 - Changes in stock of defaulted loans and debt securities:

		Current Period	Prior Period
1.	Defaulted loans and debt securities at end of the previous reporting period	9,127,593	8,274,415
2.	Loans and debt securities that have defaulted since the last reporting period	2,839,227	2,352,858
3.	Returned to non-defaulted status	-	-
4.	Amounts written off(*)	1,145,990	4,867
5.	Other changes(**)	1,851,786	1,494,813
6.	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)**	**8,969,044**	**9,127,593**

(*) In current period, there is TL1,019,989 balance regarding sales of non-performing loans (31 December 2020 - None)

(**) Includes collections from credits in default.

4.4. CRB - Additional disclosures related to credit quality of assets:

a) The criteria taken into consideration by the Bank in determining the impairment are explained in footnote VIII of the third section.

b) There is no part of past due receivables which is not reviewed as “loans subject to provisioning”.

c) The Bank’s specific provision calculation is explained in footnote VIII of the third section.

d) In receivables of the customers having difficulties in payment of receivables to the Bank or expected to have possible difficulties in payments then receivables in aforementioned scope are identified as “restructured receivables”.

e) Exposures provisioned according to major regions, major sectors and remaining maturity

Exposures provisioned against by major regions:

Country	Current Period	Prior Period
Turkey	202,117,091	139,129,640
European Union (EU) Countries	632,806	499,318
USA,Canada	7,388	23,237
OECD Countries	1,532	187
Off-Shore Banking Regions	591,399	321,970
Other	634,164	373,336
Total(*)	**203,984,380**	**140,347,688**

(*) Includes Financial Assets Measured at fair value through profit or loss amounting to TL209,670 in accordance with TFRS 9 (31 December 2020 - TL116,829)

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

Exposures provisioned against by major sectors:

	Current Period	Prior Period
1. Agriculture	**2,179,822**	**2,420,350**
1.1. Farming and Raising Livestock	1,868,450	2,242,051
1.2. Forestry	11,919	7,661
1.3. Fishing	299,453	170,638
2. Manufacturing	**45,082,115**	**27,779,424**
2.1. Mining and Quarrying	525,255	322,996
2.2. Production	35,897,055	22,666,499
2.3. Electricity, Gas, Water	8,659,805	4,789,929
3. Construction	**6,882,725**	**6,364,791**
4. Services	**86,886,485**	**57,340,304**
4.1. Wholesale and retail trade	27,027,716	20,158,777
4.2. Hotel, food and beverage services	7,605,536	5,289,989
4.3. Transportation and telecommunication	24,608,341	15,321,475
4.4. Financial institutions	18,328,396	9,718,334
4.5. Real estate and leasing services	431,966	360,950
4.6. Self-employment services	2,149,942	1,606,066
4.7. Education services	384,891	411,683
4.8. Health and social services	6,349,697	4,473,030
5. Other	**62,953,233**	**46,442,819**
6. Total(*)	**203,984,380**	**140,347,688**

(*) Includes Financial Assets Measured at fair value through profit or loss amounting to TL209,670 in accordance with TFRS 9 (31 December 2020 - TL116,829).

Breakdown of Loans according to remaining maturity:

Current period	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Loans and Receivables(*)	-	35,170,026	20,644,876	61,988,284	59,783,330	20,827,680	198,414,196

(*) Provision amounts have been deducted from current period balances.

Prior period	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Loans and Receivables(*)	-	24,183,070	15,121,227	41,880,896	41,330,129	13,849,237	136,364,559

(*) Provision amounts have been deducted from current period balances.

f) Exposures provisioned against by major regions and Loans written off during the period an uncollectible

Loan Amounts provisioned on the basis of by geographical regions Loans written off during the assets

Current Period	Loans Subject to Provision	Provision	Written-off from Assets
Turkey	8,951,804	6,744,250	1,145,990
European Union (EU) Countries	1,015	154	-
USA,Canada	-	-	-
OECD Countries(*)	-	-	-
Off-Shore Banking Regions	16,225	16,225	-
Other Countries	-	-	-
Total	**8,969,044**	**6,760,629**	**1,145,990**

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

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

Prior Period	Loans Subject to Provision	Provision	Written-off from Assets
Turkey	9,091,011	6,869,852	4,867
European Union (EU) Countries	20,338	3,674	-
USA,Canada	-	-	-
OECD Countries(*)	-	-	-
Off-Shore Banking Regions	16,225	16,225	-
Other Countries	19	19	-
Total	**9,127,593**	**6,889,770**	**4,867**

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

Exposures provisioned against by major sectors and Loans written off

	Current Period			Prior Period		
	Loans subject to provision	Provision	Written-off from Assets	Loans subject to provision	Provision	Written-off from Assets
1. Agriculture	**358,868**	**224,624**	**20,478**	**338,010**	**213,087**	**-**
1.1. Farming and Raising Livestock	356,345	222,292	20,197	326,660	204,283	-
1.2. Forestry	168	134	145	298	280	-
1.3. Fishing	2,355	2,198	136	11,052	8,524	-
2. Industrial	**1,437,538**	**1,175,609**	**52,306**	**1,418,854**	**1,134,323**	**44**
2.1. Mining and Quarrying	33,767	21,795	104	16,852	11,050	-
2.2. Production	1,094,410	844,504	52,155	1,092,735	814,066	44
2.3. Electricity. Gas. Water	309,361	309,310	47	309,267	309,207	-
3. Construction	**1,185,864**	**733,651**	**10,636**	**932,644**	**546,530**	**35**
4. Services	**3,460,597**	**2,496,697**	**202,675**	**3,691,399**	**2,550,249**	**453**
4.1. Wholesale and Retail Trade	1,905,076	1,509,809	152,930	2,136,015	1,555,854	348
4.2. Hotel. Food and Beverage Services	354,433	244,881	22,540	271,829	198,801	43
4.3. Transportation and Communication	132,388	111,220	14,022	128,060	103,880	51
4.4. Financial Institutions	825,426	450,366	2,548	894,050	500,642	-
4.5. Real Estate and Renting Services	15,656	14,074	1,327	18,740	15,975	-
4.6. Self-Employment Services	122,167	96,859	5,754	120,841	93,966	11
4.7. Educational Services	66,838	38,087	1,192	82,938	48,826	-
4.8. Health and Social Services	38,613	31,401	2,362	38,926	32,305	-
5. Other	**2,525,860**	**2,130,048**	**859,895**	**2,746,686**	**2,445,581**	**4,335**
6. Total	**8,968,727**	**6,760,629**	**1,145,990**	**9,127,593**	**6,889,770**	**4,867**

g) Aging Analysis

Overdue Days	Current Period	Prior Period
0-30	202,318,030	137,506,110
31-60	1,129,060	1,252,025
61-90	537,291	660,146
90+	8,969,044	10,057,000
Total	**212,953,425**	**149,475,281**

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

5. Credit risk mitigation

5.1. CRC - Qualitative disclosure on credit risk mitigation techniques

Collateralization is used as main risk mitigation method. Tangible and intangible assets which can be accepted as collateral and their consideration rates are defined in detail in instructions. The Bank follows a conservative approach in collateral valuation. The value of the collateral is determined both with independent valuation and also internal valuation.

Legality and operational applicability is the precondition for the validity of collaterals. Legal teams should have performed sufficient legal examinations and confirmed all legal regulations related to collateral and validity of collateral before the receipt of the collateral. In addition, all contracts and other related documents should be obtained.

Collateral value should not have a positive correlation with the credit worthiness of the debtor.

Monitoring of collateral values is important to maintain credit quality. Market value of the collateral is periodically reviewed in line with determined frequency in directives and necessary precautions are taken when there is a significant deterioration indication in market value of the collateral.

Insurance policies of the collaterals should be obtained.

Collateral value meets Debt-Collateral ratio determined for credit type or specific sectors legally or in internal application of the Bank.

The Bank takes netting agreements concluded with counterparties into account in the framework of rules mentioned in scope of Appendix-2 of Regulation on Measurement and Evaluation of Bank's Capital Adequacy during the counterparty risk measurement.

5.2. CR3 Credit risk mitigation techniques - Overview:

Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1. Loans	198,403,012	7,789,783	4,290,302	-	-	-	-
2. Debt securities	49,490,388	-	-	-	-	-	-
3. Total	**247,893,400**	**7,789,783**	**4,290,302**	**-**	**-**	**-**	**-**
4. Of which defaulted	2,485,767	78,540	473	-	-	-	-

Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1. Loans	138,189,725	4,395,786	2,290,707	-	-	-	-
2. Debt securities	33,916,772	-	-	-	-	-	-
3. Total	**172,106,497**	**4,395,786**	**2,290,707**	**-**	**-**	**-**	**-**
4. Of which defaulted	2,526,504	16,358	311	-	-	-	-

6. Credit risk when standard approach is used

6.1. CRA - Qualitative disclosures which shall be made related to grading marks used by the Banks while calculating credit risk with standard approach:

a) Marks of Fitch credit rating institution are used in credit risk standard approach calculations.

b) Centralized administrations and Banks take CRA marks into account for risk classes.

c) Mark is assigned to a debtor by taking for all assets of the debtor into account.

d) CRA, which is not included in twinning table of the institution, is not used.

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

6.2. CR4 - Standard Approach - Credit risk exposure and credit risk mitigation (CRM) effects

	Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Exposure Categories	**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	87,135,083	-	88,331,435	-	-	-
2.	Exposures to regional governments or local authorities	178,882	135	178,882	-	89,441	50%
3.	Exposures to public sector entities	203,474	36,358	200,782	11,056	211,839	100%
4.	Exposures to multilateral development banks	-	-	-	-	-	-
5.	Exposures to international organizations	-	-	-	-	-	-
6.	Exposures to institutions	13,354,371	5,247,548	13,341,121	3,331,415	6,785,807	41%
7.	Exposures to corporates	74,243,874	53,082,172	71,994,815	20,070,011	92,064,825	100%
8.	Retail exposures	75,501,387	130,598,097	72,732,786	4,719,014	59,966,855	77%
9.	Exposures secured by residential property	2,098,315	239,441	2,098,315	12,178	738,674	35%
10.	Exposures secured by commercial real estate	10,639,706	1,657,491	10,639,707	1,082,208	9,375,574	80%
11.	Past-due loans	1,954,401	-	1,953,928	-	1,361,964	70%
12.	Higher-risk categories by the Agency Board	14,126,240	-	13,673,659	-	20,510,489	150%
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)	-	-	-	-	-	-
16.	Other assets	15,029,445	202,872	15,029,445	-	9,730,865	65%
17.	Investments in equities	2,407,839	-	2,407,839	-	2,407,839	100%
18.	**Total**	**296,873,017**	**191,064,114**	**292,582,714**	**29,225,882**	**203,244,172**	**63%**

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

	Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Exposure Categories	**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	56,357,320	-	60,005,239	-	-	-
2.	Exposures to regional governments or local authorities	93,809	65	93,809	-	46,904	50%
3.	Exposures to public sector entities	364,582	40,275	355,666	12,946	368,612	100%
4.	Exposures to multilateral development banks	-	-	-	-	-	-
5.	Exposures to international organizations	-	-	-	-	-	-
6.	Exposures to institutions	7,892,948	3,469,991	7,886,787	2,463,501	4,580,241	44%
7.	Exposures to corporates	60,492,470	44,416,693	57,806,882	19,723,459	77,530,341	100%
8.	Retail exposures	67,674,942	93,616,360	62,963,328	3,677,533	49,980,645	75%
9.	Exposures secured by residential property	2,257,567	241,199	2,257,566	9,120	793,340	35%
10.	Exposures secured by commercial real estate	4,182,164	449,658	4,182,163	211,412	3,233,400	74%
11.	Past-due loans	1,955,922	-	1,955,699	-	1,342,017	69%
12.	Higher-risk categories by the Agency Board	339,316	8,041	339,299	350	509,473	150%
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)	-	-	-	-	-	-
16.	Other assets	9,497,684	9,265	9,497,684	-	7,386,753	78%
17.	Investments in equities	1,900,625	-	1,900,625	-	1,900,625	100%
18.	**Total**	**213,009,349**	**142,251,547**	**209,244,747**	**26,098,321**	**147,672,351**	**63%**

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

6.3. CR5 - Standard approach - exposures by asset classes and risk

Current Period

	Exposure Categories/ Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total Credit Risk Exposure Amount
1.	Exposures to central governments or central banks	88,331,435	-	-	-	-	-	-	-	-	88,331,435
2.	Exposures to regional governments or local authorities	-	-	-	-	178,882	-	-	-	-	178,882
3.	Exposures to public sector entities	-	-	-	-	-	-	211,838	-	-	211,838
4.	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5.	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6.	Exposures to institutions	-	-	5,717,592	-	10,625,309	-	329,635	-	-	16,672,536
7.	Exposures to corporates	-	-	-	-	-	-	92,064,826	-	-	92,064,826
8.	Retail exposures	-	-	-	-	-	69,939,775	7,512,025	-	-	77,451,800
9.	Exposures secured by residential property	-	-	-	2,110,493	-	-	-	-	-	2,110,493
10.	Exposures secured by commercial real estate	-	-	-	-	4,692,682	-	7,029,233	-	-	11,721,915
11.	Past-due loans	-	-	-	-	1,183,927	-	770,001	-	-	1,953,928
12.	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	13,673,659	-	13,673,659
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)	-	-	-	-	-	-	-	-	-	-
16.	Investments in equities	-	-	-	-	-	-	2,407,839	-	-	2,407,839
17.	Other Assets	5,298,578	-	3	-	-	-	9,730,864	-	-	15,029,445
18.	**Total**	**93,630,013**	**-**	**5,717,595**	**2,110,493**	**16,680,800**	**69,939,775**	**120,056,261**	**13,673,659**	**-**	**321,808,596**

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

Prior Period

	Exposure Categories/ Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total Credit Risk Exposure Amount(*)
1.	Exposures to central governments or central banks	60,005,239	-	-	-	-	-	-	-	-	60,005,239
2.	Exposures to regional governments or local authorities	-	-	-	-	93,809	-	-	-	-	93,809
3.	Exposures to public sector entities	-	-	-	-	-	-	368,612	-	-	368,612
4.	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5.	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6.	Exposures to institutions	-	-	2,161,262	-	8,082,077	-	106,949	-	-	10,350,288
7.	Exposures to corporates	-	-	-	-	-	-	77,530,341	-	-	77,530,341
8.	Retail exposures	-	-	-	-	-	66,640,861	-	-	-	66,640,861
9.	Exposures secured by residential property	-	-	-	2,266,686	-	-	-	-	-	2,266,686
10.	Exposures secured by commercial real estate	-	-	-	-	2,320,351	-	2,073,224	-	-	4,393,575
11.	Past-due loans	-	-	-	-	1,227,363	-	728,336	-	-	1,955,699
12.	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	339,649	-	339,649
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)	-	-	-	-	-	-	-	-	-	-
16.	Investments in equities	-	-	-	-	-	-	1,900,625	-	-	1,900,625
17.	Other Assets	2,109,980	-	1,189	-	-	-	7,386,515	-	-	9,497,684
18.	**Total**	**62,115,219**	**-**	**2,162,451**	**2,266,686**	**11,723,600**	**66,640,861**	**90,094,602**	**339,649**	**-**	**235,343,068**

7. Disclosures regarding counterparty credit risk

7.1. Qualitative disclosures regarding DCCR - CCR table:

a) Counterparty credit risk (CCR) states default risk of counterparty, which is a party to a transaction imposing an obligation to both parties, going into default before the final payment included in cash flow of the transaction in question. CCR causes credit risk for banks carrying out money and capital market transactions. Derivative financial instruments, repo and reverse repo transactions, securities and commodities lending transactions, transactions having long clearing process and margin trading transactions are considered in the aforementioned scope.

The most significant part of CCR in the Bank is sourced from derivative financial instruments. Derivative transactions are made with financial institutions, individual and commercial customers for the purposes of trading, management of interest risk of banking accounts and meeting customer demands.

CCR is managed within the framework of the Counterparty Credit Policy approved by the Board of Directors. In this policy, the scope of the CCR, the risk calculation method, and the distribution of responsibility distribution were determined. The general lines determined in the CCR policy are detailed with the Derivative Products Application Instructions.

Main Bank does make a distinction between banks, non-bank financial institutions and individual customers with respect to counterparty credit risk Transactions made with non-bank financial institutions are reviewed in the framework of corporate-commercial credit risk while banks are considered in the framework of financial institutions.

Derivative risk amount which can be carried by the customer is limited within the credit policies framework. Related risk and limit amounts are monitored on a daily basis and when a collateral shortfall exists, shortfall collateral amount is completed in line with given standards in Derivative Products Application Instruction.

b) A clear definition of risk appetite and its approval by Board of Directors is the precondition to establish a consistent risk limit system. The Bank has determined the following limit structure in order to limit the risk carried over derivative transactions. Those limits are determined in Market Risk Policy and approved by Board of Directors.

- Limits on option sensitivity indexes basis: Maximum risk which can be taken in delta, gama and vega positions is limited;
- Option nominal position limit: Maximum nominal position which can be taken on option type basis is limited;
- Interest sensitivity limit of forward exchanges included in trading accounts: Interest risk which can be carried by swap and forward exchanges made for the purposes of trading.

Derivative limit on the basis of customer has been prepared in addition to abovementioned limit structure. The Bank has established required control mechanism in order to stay in the framework of determined limits.

c) CCR is tried to be reduced with various techniques. The Bank uses daily exchange limits in addition to credit support and global repo agreements in order to reduce exchange risk. Limits, defined for financial institutions, are allocated according to creditability of counterparty and monitored as real time and online. Parties, having over the counter transactions with the Bank, are financial institutions which are well known and having a long term of business relationship.

d) Countertrend risk states that probability of default of counterparty has a positive correlation with general market risk factors. Main Partner Bank monitors impacts of market risk factors such as interest and exchange on customer credit risk. Especially, in periods having sharp financial movements, required actions are taken in line with analysis performed.

e) If there is a decline in credit rating grade, there is no additional collateral amount which must be provided by the Bank.

7.2. CCR1 - Assessment of Counterparty Credit Risk according to the models of measurement

	Current Period	Revaluation Cost	Potential credit risk exposure	EEPE	The alpha used to calculate the legal risk amount	Exposure after credit risk mitigation	Risk Weighted Amounts
1.	Standard approach - CCR (for derivatives)	16,634,553	2,295,441	-	1	11,066,167	5,263,064
2.	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	-	-
3.	The simple method used to mitigate credit risk - repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions.	-	-	-	-	-	-
4.	Comprehensive method for reducing credit risk - (for repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	6,600,709	3,089,652
5.	Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions with risk exposure value for credit securities transactions	-	-	-	-	-	-
6.	**Total**	**-**	**-**	**-**	**-**	**-**	**8,352,716**

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

	Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE	The alpha used to calculate the legal risk amount	Exposure after credit risk mitigation	Risk Weighted Amounts
1.	Standard approach - CCR (for derivatives)	5,724,175	1,520,171		1,4	3,964,202	2,637,752
2.	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	-	-
3.	The simple method used to mitigate credit risk - repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions.	-	-	-	-	-	-
4.	Comprehensive method for reducing credit risk - (for repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	4,016,437	1,982,235
5.	Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions with risk exposure value for credit securities transactions	-	-	-	-	-	-
6.	**Total**	**-**	**-**	**-**	**-**	**-**	**4,619,987**

7.3. CCR2 - Credit valuation adjustment (CVA) capital charge

		Exposure (After credit risk mitigation methods)		Risk Weighted Amounts	
		Current Period	Prior Period	Current Period	Prior Period
	Total portfolio value with comprehensive approach CVA capital adequacy	-	-	-	-
1.	(i) Value at risk component (3*multiplier included)	-	-	-	-
2.	(ii) Stressed Value at Risk (3*multiplier included)	-	-	-	-
3.	Total portfolio value with simplified approach CVA capital adequacy	11,066,167	3,964,202	1,621,022	1,037,408
4.	**Total amount of CVA capital adequacy**	**11,066,167**	**3,964,202**	**1,621,022**	**1,037,408**

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

7.4. CCR3 - Standardised approach - CCR exposures by regulatory portfolio and risk weights:

Current Period

	Exposure Categories/ Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total Credit Risk
1.	Exposures from central governments or central banks	2,612,411	-	-	-	-	-	-	26,594	2,639,005
2.	Exposures from regional or local governments	-	-	-	-	-	-	-	-	-
3.	Exposures from administrative units and non-commercial enterprises	-	-	-	-	-	74	-	-	74
4..	Exposures from multilateral development banks	-	-	-	-	-	-	-	-	-
5.	Exposures from international organizations	-	-	-	-	-	-	-	-	-
6.	Exposures from banks and brokerage houses	-	-	2,149,839	9,893,124	-	698,616	-	-	12,741,579
7.	Exposures from corporates	-	-	-	-	-	2,249,202	-	-	2,249,202
8.	Retail receivables	-	-	-	-	37,016	-	-	-	37,016
9.	Mortgage receivables	-	-	-	-	-	-	-	-	-
10.	Overdue receivables	-	-	-	-	-	-	-	-	-
11.	High risk defined receivables	-	-	-	-	-	-	-	-	-
12.	Mortgage backed securities	-	-	-	-	-	-	-	-	-
13.	Securitization Positions	-	-	-	-	-	-	-	-	-
14.	Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
15.	Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
16.	Equity Investments	-	-	-	-	-	-	-	-	-
17.	Other Receivables	-	-	-	-	-	-	-	-	-
18.	Other Assets	-	-	-	-	-	-	-	-	-
19.	**Total**	**2,612,411**	**-**	**2,149,839**	**9,893,124**	**37,016**	**2,947,892**	**-**	**26,594**	**17,666,876**

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

Prior Period

	Exposure Categories/ Risk Weight	**0%**	**10%**	**20%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total Credit Risk**
1.	Exposures from central governments or central banks	285,518	-	-	-	-	-	-	74,123	359,641
2.	Exposures from regional or local governments	-	-	-	-	-	-	-	-	-
3.	Exposures from administrative units and non-commercial enterprises	-	-	-	-	-	13	-	-	13
4.	Exposures from multilateral development banks	-	-	-	-	-	-	-	-	-
5.	Exposures from international organizations	-	-	-	-	-	-	-	-	-
6.	Exposures from banks and brokerage houses	-	-	901,923	4,556,082	-	523,753	-	-	5,981,758
7.	Exposures from corporates	-	-	-	-	-	1,624,931	-	-	1,624,931
8.	Retail receivables	-	-	-	-	13,415	-	-	-	13,415
9.	Mortgage receivables	-	-	-	-	-	-	-	-	-
10.	Overdue receivables	-	-	-	-	-	-	-	-	-
11.	High risk defined receivables	-	-	-	-	-	-	881	-	881
12.	Mortgage backed securities	-	-	-	-	-	-	-	-	-
13.	Securitization Positions	-	-	-	-	-	-	-	-	-
14.	Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
15.	Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
16.	Equity Investments	-	-	-	-	-	-	-	-	-
17.	Other Receivables	-	-	-	-	-	-	-	-	-
18.	Other Assets	-	-	-	-	-	-	-	-	-
19.	**Total**	**285,518**	**-**	**901,923**	**4,556,082**	**13,415**	**2,148,697**	**881**	**74,123**	**7,980,639**

7.5. CCR4 - Risk Class and Counterparty Credit Risk on the basis of Possibility of Default

Related table is not presented due to standard method is used for calculation of capital adequacy (31 December 2020 - None).

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

7.6. CCR5 - Composition of collateral for CCR exposure

	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given			
Current Period	Segregated	Unsegregated	Segregated	Unsegregated	Collaterals Taken	Collaterals Given
Cash-Local Currency	-	-	-	-	1,871,554	-
Cash - Foreign Currency	-	10,347,525	-	9,348,632	15,514,952	-
Government bond-domestic	-	-	-	-	-	-
Government bond-other	-	-	-	-	-	-
Public institution bonds	-	-	-	-	-	-
Corporate bond	-	-	-	-	-	-
Equity share	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
Total	**-**	**10,347,525**	**-**	**9,348,632**	**17,386,506**	**-**

	Collaterals for Derivatives				Collaterals or Other Transactions	
	Alınan teminatlar		Collaterals Taken			
Prior Period	Segregated	Unsegregated	Segregated	Unsegregated	Collaterals Given	Collaterals Taken
Cash-Local Currency	-	-	-	-	3,727,929	-
Cash - Foreign Currency	-	4,336,618	-	5,182,028	9,991,880	-
Government bond-domestic	-	-	-	-	250,124	-
Government bond-other	-	-	-	-	-	-
Public institution bonds	-	-	-	-	-	-
Corporate bond	-	-	-	-	-	-
Equity share	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
Total	**-**	**4,336,618**	**-**	**5,182,028**	**13,969,933**	**-**

7.7. CCR6 - Credit derivatives

Related table is not presented due to the Bank has no risk arrived from derivative credit received or sold. (31 December 2020 - None).

7.8. CCR7 - RWA changes on CCR within the internal model method

Related table is not presented due to usage of standard approach for the calculation of capital adequacy (31 December 2020 - None).

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

7.9. CCR8 - Exposures to central counterparties

		Current Period		Prior Period	
		Exposure at Default (Post-CRM)	RWA	Exposure at Default (Post-CRM)	RWA
1.	**Exposure to Qualified Central Counterparties (QCCPs) Total**	**26,594**	**532**	**74,123**	**1,482**
2.	Exposures for trades at QCCPs (excluding initial margin and default fund contributions) of which	-	-	-	-
3.	(i) OTC Derivatives	-	-	-	-
4.	(ii) Exchange-traded Derivatives	26,594	532	74,123	1,482
5.	(iii) Securities financing transactions	-	-	-	-
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	-	-	-	-
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	-	-	-	-

8. Securitization exposures:

The Bank has no securitization transactions. (31 December 2020 - None).

9.1. MRD - Qualitative information which shall be disclosed to public related to market risk

a) Market risk states the risk sourcing from change in market prices on positions held in order to make profit in trading accounts in line with short term expectations in market prices or interest rates. Financial Assets at Fair Value through Profit/Loss accounts covers all derivative products except for financial assets held for trading, open exchange position and having hedging purposes.

The Bank has established a structure to effectively define, monitor and manage the risk sourcing from changes in market prices including interest rates, stocks, bond prices, exchange rates and uncertainty of aforementioned prices in their volatility levels. The aforementioned structure is determined in Market Risk Policy of the Bank which is approved by the Board of Directors. This policy determines principles, measurement methods, processes and limits covering all transactions of the Bank sourcing from market risk.

Market risk is calculated and reported on a monthly basis with standard method for capital adequacy calculation in line with regulation on Measurement and Evaluation of Bank's Capital Adequacy published by BRSA.

Market risk also includes value at risk limits in line with internal policies based on internal model. Limits include value at risk limits, positions, limits on options sensitivity and loss cessation limits for each of the market risk types.

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

b) Risk Committee of the Bank is responsible to ensure implementation of market risk strategy and policies in a consistent manner. Market risk unit operates totally independent from risk carrying units and directly subject to Risk Committee of the Bank in given authorization and responsibilities framework.

Internal Control Department is responsible for the evaluation of internal control system related to market risk through periodical independent audits. Required system evaluation reports are shared with Board of Directors and other related authorities. Risk Committee of Board of Directors provides holding of sufficient capital against market risk carried by QNB Finansbank.

c) QNB Finansbank makes its capital calculation for market risk in accordance with standard method approach defined in Basel II first pillar. Capital calculation method for each risk category is made by BRSA in line with Basel standards as of month-ends as solo and consolidated.

The Bank calculates market risk with value at risk approach for the purpose of monitoring and management of risk at the Bank except for standard method. The aforementioned calculation is made both for the risk of trade portfolio and also total risk of trade portfolio and Securities Available for Sale portfolio. Value at risk calculation is made daily with historical simulation at 99% confidence interval through 252 working days observation period and exponential weighted moving average volatility assumption. Dynamic structure of the volatility is reached through giving weight to recent observations in exponential weighted moving average.

9.2. PR1 - Standardized approach:

		RWA(**)	
		Current Period	Prior Period
	Outright products(*)	5,162,026	3,579,050
1.	*Interest rate risk (general and specific)*	2,316,388	*1,784,175*
2.	*Equity risk (general and specific)*	94,700	*50,200*
3.	*Foreign exchange risk*	2,493,438	*1,684,063*
4.	*Commodity risk*	257,500	*60,612*
	Options	76,975	10,038
5.	*Simplified approach*	-	-
6.	*Delta-plus method*	76,975	*10,038*
7.	*Scenario approach*	-	-
8.	Securitization	-	-
9.	**Total**	**5,239,001**	**3,589,088**

(*) Outright products refer to position in products that are not optional.

(**) The market Risk represents the capital requirement multiplied by 12.5 times Risk Weighted Amount.

10. Explanations related to the operational risk

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2020, 2019, 2018 year-end gross income balances of the Bank, in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio", published in the Official Gazette No. 28337 dated 28 June 2012, namely "The Calculation of the Amount Subject to Operational Risk. As of 31 December 2021, the total amount subject to operational risk is TL16,750, 240 (31 December 2020 - TL14,668,786).

Current Year Basic Indicator Method	2 PP Amount	1 PP Amount	CP Amount	Total / No. of Years of Positive Gross	Rate (%)	Total
Gross Income	8,506,036	8,805,867	9,488,481	8,933,461	15	1,340,019
Value at operational risk (Total*12.5)						**16,750,240**

Prior Year Basic Indicator Method	2 PP Amount	1 PP Amount	CP Amount	Total / No, of Years of Positive Gross	Rate (%)	Total
Gross Income	6,158,155	8,506,036	8,805,867	7,823,353	15	1,173,503
Value at operational risk (Total*12.5)						**14,668,786**

TThe annual gross income is composed of net interest income and net non-interest income after deducting realized gains/losses from the disposal of Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI), extraordinary income and income derived from insurance claims at year-end.

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

III. Explanations on Foreign Currency Exchange Rate Risk

1. Whether the Bank is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the Board of Directors of the Bank sets limits for positions that are monitored daily

The difference between the Bank's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure ("cross currency risk").

Board of Directors determine the limits considering the consistency with the "Foreign Currency Net General Position." Positions are being followed daily and limits are reviewed at least once a year depending on economic conditions and Bank strategy and updated as deemed necessary.

In measuring the exchange rate exposure of the Bank, the "standard method" used in the legal reports and the internal method are used in the VaR. The measurements made within the scope of the standard method are carried out monthly and the measurements made within the scope of VaR calculations are carried out on a daily basis. In addition, the maximum foreign currency position that can be taken is determined on the basis of foreign currency types and table, and daily limit compliance control is performed by Risk Management.

2. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives

The Group hedges foreign currency borrowings with derivative instruments. The Group does not hedge net foreign currency investments with derivative instruments. The extent of the hedging of foreign currency debt instruments and net foreign currency investments by hedging derivative instruments is explained in Note III of Section Five.

3. Bank's spot foreign exchange bid rates of the Bank as of the balance sheet date and for each of the five days prior to that date

US Dollar purchase rate at the date of the balance sheet	TL12.9775
Euro purchase rate at the date of the balance sheet	TL14.6823

Date	US Dollar	Euro
31 December 2021	12.9775	14.6823
30 December 2021	12.2219	13.8011
29 December 2021	11.8302	13.4000
28 December 2021	11.3900	12.8903
27 December 2021	11.7278	13.2926

4. The basic arithmetical average of the Bank's foreign exchange bid rate for the last thirty days

The arithmetical average of the Bank's US Dollar and Euro purchase rates for December 2021 are TL13,5285 and TL15,2896 respectively.

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

5. Information on the foreign currency exchange rate risk

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank[1]	28,653,346	29,654,717	4,550,228	62,858,291
Due From Banks	4,316,919	10,240,894	561,769	15,119,582
Financial Assets at Fair Value through Profit/Loss[2]	878,969	1,637,972	2,358	2,519,299
Money Market Placements	-	159,508	-	159,508
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	848,120	9,159,957	-	10,008,077
Loans and Receivables[3]	52,076,382	30,920,296	309,329	83,306,007
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	1,145,588	13,835,328	-	14,980,916
Derivative Financial Assets Hedging Purposes	-	350,689	-	350,689
Tangible Assets	-	-	37	37
Intangible Assets	-	-	-	-
Other Assets[4]	33,531	29,581	1,255	64,367
Total Assets	**87,952,855**	**95,988,942**	**5,424,976**	**189,366,773**
Liabilities				
Bank Deposits	125,717	3,797,491	59,963	3,983,171
Foreign Currency Deposits[5]	31,523,315	87,293,318	24,462,908	143,279,541
Money Market Borrowings	1,574,310	14,142,867	-	15,717,177
Funds Provided from Other Financial Institutions	11,225,742	27,132,227	-	38,357,969
Securities Issues	-	20,124,404	3,654,688	23,779,092
Sundry Creditors	5,960,343	4,950,079	6,910	10,917,332
Derivative Fin. Liabilities for Hedging Purposes	42,945	1,447,197	-	1,490,142
Other Liabilities[6]	1,144,945	1,470,732	1,591	2,617,268
Total Liabilities	**51,597,317**	**160,358,315**	**28,186,060**	**240,141,692**
Net Balance Sheet Position	**36,355,538**	**(64,369,373)**	**(22,761,084)**	**(50,774,919)**
Net Off-Balance Sheet Position	**(36,160,955)**	**62,063,449**	**22,811,068**	**48,713,562**
Financial Derivative Assets	32,278,439	164,612,702	23,228,937	220,120,078
Financial Derivative Liabilities	68,439,394	102,549,253	417,869	171,406,516
Non-Cash Loans[8]	18,384,626	15,231,819	715,572	34,332,017
Prior Period				
Total Assets	47,079,132	49,983,470	1,547,359	98,609,961
Total Liabilities	29,515,579	91,158,982	18,079,200	138,753,761
Net Balance Sheet Position	**17,563,553**	**(41,175,512)**	**(16,531,841)**	**(40,143,800)**
Net Off-Balance Sheet Position	**(17,612,330)**	**39,341,684**	**16,523,358**	**38,252,712**
Financial Derivative Assets	22,977,930	105,631,951	18,050,019	146,659,900
Financial Derivative Liabilities	40,590,260	66,290,267	1,526,661	108,407,188
Non-Cash Loans	9,935,011	11,239,630	345,711	21,520,352

[1] Cash and Balances with TR Central Bank; Other FC include TL1,587,037 (31 December 2020 - TL1,160,921) precious metal deposit account.

[2] There are foreign bank guarantees amounting to TL7,481,729 (31 December 2020 - None).

[3] Does not include TL327,091 31 December 2020 - TL239,259) of currency income accruals arising from derivative transactions.In accordance with TFRS 9, TL327,946 which is accounted under Financial Assets at Fair Value Through profit or Loss is not included.

[4] Includes TL379,005 (31 December 2020 - TL489,555) FC indexed loans..

[5] Does not include FC prepaid expenses amounting to TL67,969 (31 December 2020 - TL47,634) as per BRSA's Communique published in Official Gazette no 26085 on 19 February 2006.

[6] Other foreign currency includes TL21,599,519 (31 December 2020 - TL15,484,501) of precious metal deposit account.

[7] Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TL193,975 (31 December 2020 - TL181,798)

[8] Does not have an effect on Net Off-Balance Sheet Position.

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

6. Sensitivity to foreign exchange risk

The Bank is mainly exposed to EUR and USD currencies.

The following table details the Bank's sensitivity to a 10% increase and decrease in USD and EUR. Other variables are assumed to be unchanged.

	Change in Currency rate in %	Net Effect on Profit or Loss (After Tax)	Net Effect on Equity(*)	Net Effect on Profit or Loss (After Tax)	Net Effect on Equity(*)
		Current Period	Current Period	Prior Period	Prior Period
US Dollar	10% increase	8,716	(198,542)	1,195	(103,901)
	10% decrease	(8,716)	198,542	(1,195)	103,901
EURO	10% increase	(3,783)	(7,853)	(485)	(3,406)
	10% decrease	3,783	7,853	485	3,406

(*) Effect on Shareholders Equity include the effect of the change of exchange rates on the income statement.

IV. Explanations on Interest Rate Risk

Interest rate risk that would arise from the changes in interest rates depending on the Bank's position is managed by the Asset/ Liability Committee of the Bank.

Interest rate sensitivity of assets, liabilities and off balance sheet items is analyzed by top management in the Asset/Liability Committee meetings held every month by taking the market developments into consideration.

The management of the Bank follows the interest rates in the market on a daily basis and revises interest rates of the Bank when necessary.

Besides customer deposits, the Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Bank changes the foreign currency liquidity obtained from the international markets and customer deposits to TL liquidity with long term swap transactions (fixed TL interest rate and floating FC interest rate). Therefore, the Bank not only funds its long term fixed interest rate loans with TL but also hedges itself from interest rate and maturity risk.

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

Interest rate sensitivity of assets, liabilities and off-balance sheet items

(Based on repricing dates)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Y ears	5 Years and Over	Non-Interest Bearing[1]	Total
End of Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank[2]	27,488,643	-	-	-	-	42,798,845	70,287,488
Due from Banks[3]	1,152,880	-	-	-	-	13,963,854	15,116,734
Financial Assets at Fair Value Through Profit/Loss[4]	1,015	291,123	22,665	46,998	10,637	18,953,350	19,325,788
Money Market Placements[5]	159,508	-	-	-	-	-	159,508
Financial Assets at Fair Value Through Other Comprehensive Income[5]	2,096,919	2,594,641	4,045,221	4,197,504	7,402,282	2,663,982	23,000,549
Loans and Receivables	42,630,390	32,261,945	72,795,492	44,112,402	6,613,966	2,208,416	200,622,611
Inv. Securities Held to Maturity[6]	4,961,252	2,568,882	6,556,088	8,429,626	6,240,942	1,090,393	29,847,183
Other Assets	-	-	-	-	-	13,009,380	13,009,380
Total Assets	**78,490,607**	**37,716,591**	**83,419,466**	**56,786,530**	**20,267,827**	**94,688,220**	**371,369,241**
Liabilities							
Bank Deposits	11,644,754	688,474	74,417	-	-	569,447	12,977,092
Other Deposits	85,091,893	26,809,133	6,145,884	412,329	326	95,486,562	213,946,127
Money Market Borrowings	5,087,867	9,583,496	3,348,626	-	-	-	18,019,989
Sundry Creditors	10,917,332	-	-	-	-	7,002,549	17,919,881
Securities Issued	5,602,803	1,499,034	12,525,753	8,761,162	-	-	28,388,752
Funds Borrowed	1,972,200	22,254,302	7,493,054	348,253	6,816,673	-	38,884,482
Other Liabilities[7]	438	2,051	17,519	472,681	-	40,740,229	41,232,918
Total Liabilities	**120,317,287**	**60,836,490**	**29,605,253**	**9,994,425**	**6,816,999**	**143,798,787**	**371,369,241**
On Balance Sheet Long Position	-	-	53,814,213	46,792,105	13,450,828	-	114,057,146
On Balance Sheet Short Position	(41,826,680)	(23,119,899)	-	-	-	(49,110,567)	(114,057,146)
Off-Balance Sheet Long Position	8,135,890	18,598,817	-	435,415	-	-	27,170,122
Off-Balance Sheet Short Position	-	-	(2,318,854)	-	(13,500,760)	-	(15,819,614)
Total Position	**(33,690,790)**	**(4,521,082)**	**51,495,359**	**47,227,520**	**(49,932)**	**(49,110,567)**	**11,350,508**

[1] Non-Interest Bearing column includes accruals, provision for losses and derivative financial instruments' fair value valuation difference.

[2] Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include amount of TL7,083 expected loss provisions.

[3] Banks include balance of expected loss provisions amounting to TL3,670.

[4] Financial Assets at Fair Value Through Profit/Loss include TL18,644,431 derivative financial assets used for hedging purposes.

[5] Financial Assets at Fair Value Through Other Comprehensive Income include TL3,359,463 derivative financial assets used for hedging purposes.

[6] Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TL9,793.

[7] Other Liabilities includes Derivative Financial Assets amounting to TL12,452,428.

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing[1]	Total
End of Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank[2]	6,501,977	-	-	-	-	20,901,081	27,403,058
Due from Banks[3]	72,063	-	-	-	-	1,384,472	1,456,535
Financial Assets at Fair Value Through Profit/Loss[4]	1,306	284,331	19,797	77,532	22,847	8,114,065	8,519,878
Money Market Placements[5]	342,734	-	-	-	-	-	342,734
Financial Assets at Fair Value Through Other Comprehensive Income[5]	1,807,231	1,277,032	3,165,778	3,839,136	4,728,569	1,764,029	16,581,775
Loans and Receivables	29,193,780	20,654,070	51,074,203	31,978,431	3,465,075	2,236,823	138,602,382
Inv. Securities Held to Maturity[6]	3,072,701	2,305,967	4,811,742	3,274,171	4,668,299	600,320	18,733,200
Other Assets	-	-	-	-	-	15,613,786	15,613,786
Total Assets	**40,991,792**	**24,521,400**	**59,071,520**	**39,169,270**	**12,884,790**	**50,614,576**	**227,253,348**
Liabilities							
Bank Deposits	3,436,160	1,006,656	17,509	-	-	123,019	4,583,344
Other Deposits	55,272,686	16,188,082	4,175,747	339,333	201	50,000,338	125,976,387
Money Market Borrowings	7,649,908	4,955,340	1,638,887	149,074	-	96,185	14,489,394
Sundry Creditors	4,589,352	-	-	-	-	4,654,255	9,243,607
Securities Issued	583,695	888,815	916,564	11,117,311	-	-	13,506,385
Funds Borrowed	552,633	15,339,786	7,046,313	3,956,096	-	1,490	26,896,318
Other Liabilities[7]	3,921	2,379	69,607	360,836	9,932	32,111,238	32,557,913
Total Liabilities	**72,088,355**	**38,381,058**	**13,864,627**	**15,922,650**	**10,133**	**86,986,525**	**227,253,348**
On Balance Sheet Long Position	-	-	45,206,893	23,246,620	12,874,657	-	81,328,170
On Balance Sheet Short Position	(31,096,563)	(13,859,658)	-	-	-	(36,371,949)	(81,328,170)
Off-Balance Sheet Long Position	4,675,623	11,004,983	-	-	-	-	15,680,606
Off-Balance Sheet Short Position	-	-	(237,755)	(1,647,358)	(9,188,319)	-	(11,073,432)
Total Position	**(26,420,940)**	**(2,854,675)**	**44,969,138**	**21,599,262**	**3,686,338**	**(36,371,949)**	**4,607,174**

[1] Non-Interest Bearing column includes accruals, provision for losses and derivative financial instruments' fair value valuation difference.

[2] Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include amount of TL3,399 expected loss provisions.

[3] Banks include balance of expected loss provisions amounting to TL10,168.

[4] Financial Assets at Fair Value Through Profit/Loss include TL7,948,940 derivative financial assets used for hedging purposes.

[5] Receivables from Money Markets does not have any balance of expected loss provisions .

[6] Financial Assets at Fair Value Through Other Comprehensive Income include TL1,400,686 derivative financial assets used for hedging purposes.

[7] Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TL10,156.

[8] Other Liabilities include derivative Financial Assets Measured at Fair Value through Other Comprehensive Incomeused for hedging purposes amounting to TL8,077,352.

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

Average interest rates applied to monetary financial instruments

	EURO	USD	JPY	TL
End of Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	8.50
Due from Banks	-	0.07	-	-
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	4.97	4.58	-	21.51
Money Market Placements	-	0.05	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.87	5.32	-	18.41
Loans and Receivables	4.02	4.86	1.49	18.81
Financial Assets Measured at Amortized Cost	4.60	5.61	-	22.41
Liabilities				
Bank Deposits	0.03	0.61	-	13.96
Other Deposits	0.22	0.81	0.27	18.22
Money Market Borrowings	(0.71)	1.17	-	13.91
Sundry Creditors	(0.39)	-	-	-
Securities Issued	-	5.51	-	16.62
Funds Borrowed	2.24	4.52	-	15.82

	EURO	USD	JPY	TL
End of Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	12.00
Due from Banks	0.05	-	-	-
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	3.07	5.63	-	17.13
Money Market Placements	-	0.01	-	18.16
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.87	5.30	-	14.29
Loans and Receivables	4.27	5.14	5.23	14.24
Financial Assets Measured at Amortized Cost	3.76	5.55	-	14.04
Liabilities				
Bank Deposits	0.64	1.51	-	16.74
Other Deposits	0.45	1.36	0.62	15.46
Money Market Borrowings	-	1.38	-	16.71
Sundry Creditors	(0.39)	-	-	-
Securities Issued	-	5.58	-	17.72
Funds Borrowed	2.25	4.43	-	11.59

Interest rate risk on banking book

The interest rate risk resulting from banking book comprises of maturity mismatch risk, yield-curve risk, base risk and option risk. Within the scope of the interest rate risk, the Bank analyzes all these risks periodically, and considering market conditions, manages all aspects of interest rate risk on banking book effectively in accordance with the bank strategy. In order to this, within the scope of "Banking Books Interest Rate Risk Management" risks are measured, monitored and limited on a regular basis.

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

In the calculation of the interest rate risk on banking book, income approach and the economic value approach are applied. The analysis of economic value, duration and gap analysis are calculated twice in a month, analysis of the standard economic value approach is supported by different scenarios. In addition, the sensitivity of the net interest income is monitored, the prepayment rates of loans are considered managing the interest rate risk.

In customer deposits, core deposits analyses are performed regularly on profit center base and the rate of core deposits in demand deposits are considered in economic value, gap and duration analyses. The interest rate risk of uncertain due credits is determined considering the nature of the credit and added to calculations.

All these analyses are reported to Asset and Liability Committee and Risk Committee and by considering market conditions and the bank strategy, the interest rate risk on banking book is managed within specified limits parallel to the Bank's appetite of risk.

Portfolio's risk of the financial assets at fair value to other comprehensive income included in banking accounts are managed and monitored by the interest sensitivity and limit compliance of assets.

The interest rate risk on banking book is measured legally as per the "Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method" published in the Official Gazette No: 28034 dated 23 August 2011, and the legal limit as per this measurement is monitored and reported monthly to the Assets and Liability Committee, the Risk Committee and the Board of Directors.

Type of Currency	Shocks Applied (+/- x basis points)	Gains/Losses	Gains/Equity--Losses/Equity
1. TL	(+)500	(2,376,318)	-6.35%
	(-)400	2,129,014	5.69%
2. EUR	(+)200	(675,921)	-1.81%
	(-)200	799,423	2.14%
3. USD	(+)200	(168,857)	-0.45%
	(-)200	288,204	0.77%
Total (of negative shocks)		**3,216,642**	**8.60%**
Total (of positive shocks)		**(3,221,097)**	**-8.61%**

V. Explanations on Position Risk of Equity Securities

	Comparison		
Equity Securities (shares)	Carrying Value	Fair Value	Market Value
1. Investment in Shares- grade A	**-**	**-**	**-**
Quoted Securities	-	-	-
2. Investment in Shares- grade B	**-**	**-**	**-**
Quoted Securities	-	-	-
3. Investment in Shares- grade C	**1,230,205**	**1,230,205**	-
Quoted Securities	1,230,205	1,230,205	-
4. Investment in Shares- grade Other(*)	**1,169,959**	**1,115,087**	**-**

(*) Includes associates, subsidiaries and entities under common control not quoted to ISE and not classified as investment in shares by Capital market Board (CMB).

		Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio	Gains/Losses in Current Period	Total	Amount under Core Capital	Total	Amount under Core Capital	Amount under Supplementary Capital
1. Private Equity Investments	-	-	-	-	-	-
2. Quoted Shares	61,262	-	-	-	-	-
3. Other Shares	-	-	-	-	-	-
4. Total	**61,262**	**-**	**-**	**-**	**-**	**-**

VI. Explanations on Remarks regarding Liquidity Risk Management and Liquidity Coverage Rate

Liquidity Risk of the Bank is monitored and managed in accordance with Liquidity Risk Management Policy. According to this policy, Board of Directors is responsible to review and approve risk profile and appetite of the Bank periodically. Senior Management takes necessary measures to monitor aforementioned risk and controls liquidity risk in line with accepted strategies and policies.

Treasury Department is responsible to carry out liquidity strategy determined and approved by Board of Directors. Risk Management Department is responsible to define, measure, monitor and control liquidity risk besides developing internal and external methods and procedures which are in line with context and structure of applicable activities in the Bank in order to monitor related limits. Senior management of the Bank is informed periodically regarding current liquidity risk amount exposed in order to ensure being under the approved limits of Bank's liquidity risk profile. Assets and Liabilities Committee (ALCO) meetings, which ensure the necessary monitoring for liquidity risk, are held monthly. Risk Committee reviews the liquidity risk of the Bank monthly in addition to aforementioned meetings and informs Board of Directors. The Bank reviews its liquidity position daily. Internal and legal reports related to liquidity positions are examined in ALCO meetings monthly with the participation of senior management. Several decisions are taken related to management of short and long term liquidity in this scope. Internal metrics such as reserve liquidity and deposit concentration are monitored daily besides liquidity coverage rate related to measurement of liquidity coverage. Internal limit and warning level are periodically monitored and reported to related parties by the Board of Directors.

The liquidity management of the Bank is decentralized; each partnership controlled by the Bank is carried out independently from the Bank by the authorities in charge of liquidity management. Each subsidiary subject to consolidation manages its own liquidity position separately from the Bank. The amount of funds to be used by the subsidiaries from the Bank is determined within the framework of the limits.

It is essential for the Bank to monitor its liquidity position and funding strategy consistently. Funding management of the Bank is carried out in line with limits and internal warning systems within the framework of ALCO decisions. Funding and placement strategies are developed through evaluating the liquidity of the Bank. Liquidity position is evaluated and funding strategy is developed taking into consideration customer based concentration and maturity levels. While developing this strategy, it is aimed to fully utilize funding from long term and consistent resources.

A large part of the Bank's liabilities consist of TL, USD and EUR. Gap reports issued based on the aforementioned three currencies are presented in ALCO meetings. Maturity mismatches based on currencies are managed through FC swap and FC forward.

The Bank diversifies its funding sources as customer deposits, foreign loans and bond issuance in order to reduce its liquidity risk. Measures are taken through making investments to assets having higher capacity to generate cash against liquidity crisis. The Bank watches over reducing customer deposit concentration and controls concentration level daily in line with warning level approved by the Board of Directors.

Liquidity life cycle approach is determined as the liquidity risk stress test methodology. This approach is a stress test to measure the period in which the Bank can meet its cumulative cash outflows without providing a fund from the market. Liquidity life cycle is calculated according to various scenarios and simulated in line with possible scenarios in crisis situation and the results are reported to Risk Committee and Board of Directors.

Emergency Funding Plan (EMP) of the Bank regulates funding activities to be used in liquidity crisis periods specific to the Bank or in liquidity crisis at financial markets. EMP defines components triggering the crisis and early warning indicators which help to evaluate and manage the liquidity crisis and determine primary funding structure. EMP also defines actions of the Bank against cash and guarantee need. In addition to aforementioned issues, EMP determines duties and responsibilities in performing actions in a liquidity crisis included in risk management and emergency funding plan.

Due to the financial uncertainty caused by the coronavirus epidemic, undemonstrative liquidity management has been one of the top priorities of the Bank. The Bank manages LCR above the limit by keeping its high-quality liquid assets at a sufficient level. The Bank has created four different stress test scenarios that measure how long it can meet the cumulative cash outflows, without providing any new funds from the market or by providing very low levels of funding. A new scenario created by observing the financial movements that occurred during the coronavirus epidemic process, and it is observed that the Bank's liquid assets can be converted into cash in order to meet its liquidity needs over 30 days, which is the minimum life span of all scenarios.

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

Liquidity Coverage Ratio

	Consideration Rate Unweighted Amounts(*)		Consideration Rate Weighted Amounts(*)	
Current Period - 31 December 2021	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS			**60,813,146**	**42,159,807**
1. High Quality Liquid Assets	-	-	60,813,146	42,159,807
CASH OUTFLOWS				
2. Retail and Small Business Customers Deposits	142,445,916	85,890,876	13,107,912	8,589,088
3. Stable deposits	22,733,598	-	1,136,680	-
4. Less stable deposits	119,712,318	85,890,876	11,971,232	8,589,088
5. Unsecured Funding other than Retail and Small Business Customers Deposits	53,088,632	33,169,750	28,190,637	17,673,287
6. Operational deposits	1,835,716	724,319	458,929	181,080
7. Non-Operational Deposits	41,503,111	29,074,970	19,838,642	14,178,884
8. Other Unsecured Funding	9,749,805	3,370,461	7,893,066	3,313,323
9. Secured funding	-	-	-	-
10. Other Cash Outflows	22,697,893	5,332,054	22,697,893	5,332,054
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	22,697,893	5,332,054	22,697,893	5,332,054
12. Debts related to the structured financial products	-	-	-	-
13. Commitment related to debts to financial markets	-	-	-	-
14. Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	66,378,356	3,516,584	3,318,918	175,829
15. Other irrevocable or conditionally revocable commitments	123,596,393	33,282,667	9,141,360	3,226,641
16. TOTAL CASH OUTFLOWS	-	-	**76,456,720**	**34,996,899**
CASH INFLOWS				
17. Secured Lending Transactions	162,765	273,898	-	-
18. Unsecured Lending Transactions	16,599,230	9,206,568	11,943,644	8,140,506
19. Other Cash Inflows	22,708,639	20,298,391	22,708,639	20,298,392
20. TOTAL CASH INFLOWS	**39,470,634**	**29,778,857**	**34,652,283**	**28,438,898**
21. TOTAL HIGH QUALITY LIQUID ASSETS	-	-	**60,813,146**	**42,159,807**
22. TOTAL NET CASH OUTFLOWS	-	-	**41,804,437**	**9,895,194**
23. LIQUIDITY COVERAGE RATIO (%)	-	-	**145.47**	**426.06**

(*) Basic arithmetic average calculated for the last three months of values calculated by taking the monthly basic arithmetic average.

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

	Consideration Rate Unweighted Amounts(*)		Consideration Rate Weighted Amounts(*)	
Prior Period - 31 December 2020	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS				
1. High Quality Liquid Assets			40,772,730	27,773,500
CASH OUTFLOWS				
2. Retail and Small Business Customers Deposits	102,017,179	63,135,291	9,342,828	6,313,529
3. Stable deposits	17,177,800	-	858,890	-
4. Less stable deposits	84,839,379	63,135,291	8,483,938	6,313,529
5. Unsecured Funding other than Retail and Small Business Customers Deposits	36,395,400	23,157,015	20,197,474	13,025,195
6. Operational deposits	909,730	216,517	227,432	54,130
7. Non-Operational Deposits	29,661,215	21,095,846	15,322,652	11,147,053
8. Other Unsecured Funding	5,824,455	1,844,652	4,647,390	1,824,012
9. Secured funding			183,579	183,579
10. Other Cash Outflows	46,983,608	33,960,349	46,983,608	33,960,349
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	46,983,608	33,960,349	46,983,608	33,960,349
12. Debts related to the structured financial products	-	-	-	-
13. Commitment related to debts to financial markets	-	-	-	-
14. Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	40,300,958	156,391	2,015,048	7,820
15. Other irrevocable or conditionally revocable commitments	94,256,277	26,816,323	7,083,084	2,629,501
16. TOTAL CASH OUTFLOWS			**85,805,621**	**56,119,973**
CASH INFLOWS				
17. Secured Lending Transactions	1,301,667	197,899	-	-
18. Unsecured Lending Transactions	9,223,031	3,061,476	5,950,228	2,609,872
19. Other Cash Inflows	45,115,134	43,598,765	45,115,134	43,598,765
20. TOTAL CASH INFLOWS	**55,639,832**	**46,858,140**	**51,065,362**	**46,208,637**
			Upper Limit Applied Values	
21. TOTAL HIGH QUALITY LIQUID ASSETS			**40,772,730**	**27,773,500**
22. TOTAL NET CASH OUTFLOWS			**34,740,259**	**14,033,946**
23. LIQUIDITY COVERAGE RATIO (%)			**117.36**	**197.90**

(*) Basic arithmetic average calculated for the last three months of values calculated by taking the monthly basic arithmetic average.

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

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months of 2021 are explained in the table below. According to "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated 21 March 2014.

	Maximum	Week	Minimum	Week	Average
TL+FC	179.40	17/12/2021	131.91	05/11/2021	145.51
FC	511.00	10/12/2021	274.32	08/10/2021	433.36

Liquidity coverage ratio is regulated by the BRSA to make sure that the Banks sustain high quality liquid asset stock to cover probable cash outflows in the short term.

All of Bank's high quality liquid assets are comprised of first quality liquid assets, most of which are CBRT accounts and securities that are issued by the Republic of Turkey Ministry of Treasury that have not been collateralized. Optional use of reserve levels and fluctuations in repo amount lead up to periodical variations in liquidity coverage ratio. Additionally syndication loans and large amount funds such as foreign bond issuances that have less than 1 month to maturity, lead up to short term fall in liquidity coverage ratios.

Funding sources of the Bank mainly consist of deposits which constitute 61% of total liabilities of the bank (31 December 2020 - 57%) and also include repo, syndication, securitization, securities issued and other instruments including subordinated debts.

The Bank effectively uses derivative transactions to manage interest and liquidity risk. Impact of derivative cash flows in terms of liquidity coverage ratio is limited. However, FX swaps used in short term foreign currency liquidity management cause liquidity coverage ratio to fluctuate due to changes in volume and 1-month maturity. In addition, possible cash outflow caused by margin call requirements of derivative transactions is taken into consideration in accordance with the respective regulations.

Secured funding consists repo securized borrowing transactions. A large part of securities which are subjects of aforementioned guaranteed funding transactions consist of Sovereign Bonds issued by Republic of Turkey Ministry of Treasury and Finance and transactions are carried out both in CBRT market and interbank market.

The Bank manages all the transactions made before its foreign branches and partnership in the framework of central bank, markets and related legislation of the country in which the institutions are located. Legal lending limits and high limit transactions are closely monitored in this framework.

All cash inflow and outflow items related to liquidity profile of the Bank are included in liquidity coverage ratio tables above.

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

Presentation of assets and liabilities according to their remaining maturities

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 Years	5 Years and Over	Unallocated[1]	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R Central Bank[2]	32,427,285	37,867,286	-	-	-	-	(7,083)	70,287,488
Due from Banks[3]	6,483,668	8,636,736	-	-	-	-	(3,670)	15,116,734
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)[4]	305,700	2,036,757	3,852,537	4,679,119	7,181,604	1,270,071	-	19,325,788
Money Markets Placements[5]	-	159,508	-	-	-	-	-	159,508
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)[6]	7,674	3,210	353,810	2,228,255	11,353,041	9,054,559	-	23,000,549
Loans and Receivables	-	35,170,026	20,644,876	61,988,284	59,783,330	20,827,680	2,208,415	200,622,611
Financial Assets Measured at Amortized Cost[7]	-	-	450,894	1,440,395	19,260,309	8,705,378	(9,793)	29,847,183
Other Assets	-	4,869,352	-	-	1,323,629	-	6,816,399	13,009,380
Total Assets	**39,224,327**	**88,742,875**	**25,302,117**	**70,336,053**	**98,901,913**	**39,857,688**	**9,004,268**	**371,369,241**
Liabilities								
Bank Deposits	569,447	11,644,754	688,474	74,417	-	-	-	12,977,092
Other Deposits	95,486,562	85,091,893	26,809,133	6,145,884	412,329	326	-	213,946,127
Funds Borrowed	-	1,280,045	357,661	16,820,538	1,596,122	12,013,443	6,816,673	38,884,482
Money Market Borrowings	-	5,087,867	5,298,524	4,387,644	2,409,064	836,890	-	18,019,989
Securities Issued	-	2,008,417	772,403	14,891,999	10,715,933	-	-	28,388,752
Miscellaneous Payables	-	17,919,881	-	-	-	-	-	17,919,881
Other Liabilities[8]	-	8,368,815	1,649,698	2,230,525	2,659,484	2,612,521	23,711,875	41,232,918
Total Liabilities	**96,056,009**	**131,401,672**	**35,575,893**	**44,551,007**	**17,792,932**	**15,463,180**	**30,528,548**	**371,369,241**
Liquidity Excess / (Gap)	**(56,831,682)**	**(42,658,797)**	**(10,273,776)**	**25,785,046**	**81,108,981**	**24,394,508**	**(21,524,280)**	**-**
Net Off Balance Sheet Position[9]	**-**	**(1,868,846)**	**2,132,681**	**3,220,098**	**5,587,225**	**37**	**-**	**9,071,195**
Receivables from Financial Derivative Instruments	-	72,095,490	34,346,603	41,123,550	47,682,217	49,170,249	-	244,418,109
Liabilities from Derivatives	-	73,964,336	32,213,922	37,903,452	42,094,992	49,170,212	-	235,346,914
Non-cash Loans[10]	**-**	**1,534,845**	**5,201,610**	**10,822,178**	**3,857,735**	**337,993**	**25,738,863**	**47,493,224**
Prior period								
Total Assets	15,488,238	47,683,691	16,511,079	46,247,260	63,620,426	28,691,958	9,010,696	227,253,348
Total Liabilities	50,123,357	80,284,883	22,753,439	18,224,291	24,829,908	5,830,802	25,206,668	227,253,348
Liquidity Excess / (Gap)	**(34,635,119)**	**(32,601,192)**	**(6,242,360)**	**28,022,969**	**38,790,518**	**22,861,156**	**(16,195,972)**	**-**
Net-Off Balance Sheet Position[9]	**-**	**(1,117,746)**	**(804,808)**	**1,549,989**	**1,906,623**	**27,793**	**-**	**1,561,851**
Receivables from Derivative Instruments	-	42,825,059	26,557,248	14,206,270	41,032,444	32,234,801	-	156,855,822
Liabilities from Derivative Instruments	-	43,942,805	27,362,056	12,656,281	39,125,821	32,207,008	-	155,293,971
Non-cash Loans[10]	**-**	**2,300,899**	**3,178,517**	**14,234,830**	**4,524,946**	**565,055**	**8,343,292**	**33,147,539**

(1) The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, office stationery, and prepaid expenses are classified "Unallocated" column. Unallocated other liabilities include shareholders' equity amounting to TL22,144,060 (31 December 2020 - TL19,222,421) and unallocated provisions amounting to TL1,567,815 (31 December 2020 - TL1,064,819).

(2) Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R Central Bank includes expected loss provisions the amount of TL7,083 (31 December 2020 - TL3,399).

(3) Banks include balance of expected loss provisions amounting to TL3,670 (31 December 2020 - TL10,168).

(4) Financial Assets at Fair Value Through Profit/Loss include TL18,644,431 (31 December 2020 - TL7,948,940) derivative financial assets used for hedging purposes.

(5) There is no balance at Receivables from Money Markets include the balance of expected loss provisions.

(6) Financial Assets at Fair Value Through Other Comprehensive Income include TL3,359,463 (31 December 2020 - TL1,400,686) derivative financial assets used for hedging purposes.

(7) Financial assets measured at amortized cost include TL9,793 (31 December 2020 - TL10,156) of expected loss provisions.

(8) Other Liabilities include Derivative Financial Assets amounting to TL12,452,428 (31 December 2020 - TL8,077,352).

(9) Liquidity excess / (deficit) related to Derivative Financial Instruments constituting Net Off-Balance positions are included in Liquidity Excess / (deficit) through valuations of related transactions to balance sheet

(10) Amounts related to letter of guarantees represent contractual maturities and amounts included in aforementioned maturities and they have on demand and optionally withdrawable nature.

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

Analysis of financial liabilities by remaining contractual maturities

The table below shows the Bank's maturity distribution of certain financial liabilities other than derivatives. The tables below are prepared by considering the future cash flows expected on the earliest cash flow dates. The total interest that will be paid for these assets and liabilities is included in the table below.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total	Carrying Amount
Bank Deposits	569,447	11,665,338	689,192	74,678	-	-	12,998,655	12,977,092
Other Deposits	95,486,562	85,280,953	26,951,157	6,183,110	415,350	532	214,317,664	213,946,127
Payables to Money Market	-	5,114,071	5,326,916	4,496,346	2,444,984	840,625	18,222,942	18,019,989
Funds from other Financial Institutions	-	1,281,237	369,259	17,129,954	1,655,452	18,832,165	39,268,067	38,884,482
Securities Issued	-	2,062,702	1,141,190	15,462,194	11,561,040	-	30,227,126	28,388,752
Noncash Loans(*)	25,738,862	1,534,846	5,201,610	10,822,178	3,857,735	337,993	47,493,224	47,493,224

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total	Carrying Amount
Bank Deposits	123,019	3,439,005	1,012,533	17,588	-	-	4,592,145	4,583,344
Other Deposits	50,000,338	55,443,757	16,333,156	4,220,636	342,026	365	126,340,278	125,976,387
Payables to Money Market	-	7,365,999	2,602,524	841,682	2,760,161	1,150,776	14,721,142	14,489,394
Funds from other Financial Institutions	-	242,735	763,177	11,621,995	8,643,541	5,807,990	27,079,438	26,896,318
Securities Issued	-	613,680	1,088,843	1,325,948	11,846,108	-	14,874,579	13,506,385
Noncash Loans(*)	8,343,292	2,300,899	3,178,517	14,234,830	4,524,946	565,055	33,147,539	33,147,539

(*) Amounts related to letters of guarantee represent maturities based on contract and amounts per these maturities and the amounts have the nature to be withdrawn on demand optionally.

The table below shows the remaining maturities of derivative financial assets and liabilities:

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and Longer	Total
Forward Contracts Buy(**)	5,019,304	3,564,787	3,968,966	662,874	-	13,215,931
Forward Contracts Sell(**)	(5,237,730)	(3,745,098)	(4,477,040)	(632,360)	-	(14,092,228)
Swap Contracts Buy(*)	68,524,997	30,002,476	36,142,126	47,004,635	49,170,248	230,844,482
Swap Contracts Sell(*)	(70,121,146)	(27,673,411)	(32,522,342)	(40,020,399)	(49,170,212)	(219,507,510)
Futures Buy	-	361,004	18,906	-	-	379,910
Futures Sell	-	(368,665)	(15,436)	-	-	(384,101)
Options Buy	527,020	418,336	993,552	14,708	-	1,953,616
Options Sell	(595,686)	(426,748)	(888,633)	(14,708)	-	(1,925,775)
Other	-	-	-	1,427,525	-	1,427,525
Total	**(1,883,241)**	**2,132,681**	**3,220,099**	**8,442,275**	**36**	**11,911,850**

(*) This line also includes hedging purpose derivatives.

(**) This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and Longer	Total
Forward Contracts Buy(**)	3,672,550	1,690,279	1,866,574	708,839	-	7,938,242
Forward Contracts Sell(**)	(3,669,530)	(1,653,033)	(1,785,519)	(747,655)	-	(7,855,737)
Swap Contracts Buy(*)	40,433,498	23,904,480	11,844,828	40,323,605	32,234,801	148,741,212
Swap Contracts Sell(*)	(41,556,068)	(24,746,304)	(10,282,865)	(37,570,711)	(32,207,008)	(146,362,956)
Futures Buy	324,076	609,122	122,178	-	-	1,055,376
Futures Sell	(345,798)	(630,696)	(132,877)	-	-	(1,109,371)
Options Buy	812,899	353,367	372,689	-	-	1,538,955
Options Sell	(789,738)	(332,023)	(308,209)	-	-	(1,429,970)
Other	-	-	146,810	807,455	-	954,265
Total	**(1,118,111)**	**(804,808)**	**1,843,609**	**3,521,533**	**27,793**	**3,470,016**

(*) This line also includes hedging purpose derivatives.

(**) This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

VII. Information Regarding Leverage Ratio

Information in regards to the differences between current period and prior period leverage ratio:

The Bank's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 5.96% (31 December 2020 - 6.70%). Subject level is above the minimum requirement which is determined as 3% by the regulation. Difference between current period and prior period leverage ratios is mostly due to increase in risk amounts of balance sheet asset items.

The table related to leverage ratio calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" published in Official Gazette dated 5 November 2013 and numbered 28812 is below:

	Book Value	
	Current Period(*)	Prior Period(*)
Assets on Balance sheet		
Assets on Balance sheet (except for derivative financial instruments and credit	319,780,825	220,618,150
(Assets deducted from capital stock)	725,830	517,573
Total risk amount related to Assets on Balance sheet	**319,054,995**	**220,100,577**
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	19,899,502	11,863,358
Potential credit risk amount of derivative financial instruments and credit derivatives	1,898,270	1,699,987
Total risk amount related to derivative financial instruments and credit derivatives	**21,797,772**	**13,563,345**
Financial transactions having security or commodity collateral		
Risk amount of financial transactions having security or commodity collateral	2,665	14,346
Risk amount sourcing from transactions mediated	452,004	11,707,746
Total risk amount related to financial transactions having security or commodity Collateral	**454,669**	**11,722,092**
Off-Balance sheet Transaction		
Gross nominal amount of off-balance sheet transactions	191,895,841	139,102,744
(Adjustment amount sourcing from multiplying to credit conversion rates)	56,567,997	36,851,418
Total risk amount related to off-balance sheet transactions	**135,327,844**	**102,251,326**
Capital and Total Risk		
Core Capital	28,265,345	23,284,168
Amount of total risk	**476,635,281**	**347,637,340**
Financial leverage ratio		
Financial leverage ratio	5.96%	6.70%

(*) Amounts stated in table shows the last three months averages of related period.

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

VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Their Fair Value

The fair value of the fixed rate loans is determined based on discounted cash flows using the current market interest rates. Book value of floating rate loans represent their fair value.

The fair value of financial assets measured at amortized cost are determined through market rates. If market rates cannot be spotted, market rates of securities with similar interest, maturity and other characteristics are used instead.

Projected fair value of demand deposit represent the amount to be paid on demand. Fair value of floating rate placements and overnight deposits represents the book value. The estimated fair value of the deposits with fixed rates is determined by calculating discounted cash flows by using the market interest rates used for other liabilities with similar quality and maturities.

Banks the fair value of funds and of securities issued provided from other financial institutions, is determined based on discounted cash flows using the current market interest rates.

In the table below; the fair values and the carrying values of some of the financial assets and liabilities are presented. Book value represents the total of cost of subject asset and liabilities and accrued interest.

Current Period	Book Value	Fair Value
Financial Assets	**265,400,585**	**260,598,471**
Money Market Placements	159,508	159,508
Due from Banks	15,120,404	15,116,734
Fair Value through Other Comprehensive Income (FVOCI)	19,641,086	19,641,086
Financial Assets Measured at Amortized Cost	29,856,976	30,900,013
Loans Granted	200,622,611	194,781,130
Financial Liabilities	**330,136,323**	**330,132,840**
Bank Deposits	12,977,092	12,982,717
Other Deposits	213,946,127	213,866,300
Funds from Other Financial Institutions	38,884,482	38,955,201
Payables to Money Market	18,019,989	18,019,989
Securities Issued	28,388,752	28,388,752
Other Debts	17,919,881	17,919,881

Prior Period	Book Value	Fair Value
Financial Assets	**174,336,264**	**171,454,425**
Money Market Placements	342,734	342,734
Due from Banks	1,466,703	1,456,535
Fair Value through Other Comprehensive Income (FVOCI)	15,181,089	15,181,089
Financial Assets Measured at Amortized Cost	18,743,356	19,214,463
Loans Granted	138,602,382	135,259,604
Financial Liabilities	**194,695,435**	**194,781,532**
Bank Deposits	4,583,344	4,583,090
Other Deposits	125,976,387	125,931,169
Funds from Other Financial Institutions	26,896,318	27,027,887
Payables to Money Market	14,489,394	14,489,394
Securities Issued	13,506,385	13,506,385
Other Debts	9,243,607	9,243,607

In accordance with “TFRS 13, Fair Value Measurement” accounts represented at fair value in the face of financial statements are required to be leveled according to the observability of the data used for the calculation of fair value.

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

The classification of fair value calculation is as follows.

a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities (market value);
b) Level 2: 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);
c) Level 3: Inputs that are not observable for the asset and liability (Fair value calculations which are not observable).

In the table below, the fair value classification of the financial instruments that are recorded at fair value at the financial statements is presented:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets	**19,788,381**	**22,287,927**	**242,355**	**42,318,663**
Financial Assets Measured at Fair Value through Profit/ Loss (FVTPL)(*)	213,340	225,662	242,355	681,357
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)(**)	19,575,041	58,371	-	19,633,412
Derivative Financial Assets	-	22,003,894	-	22,003,894
Financial Liabilities	**2,159**	**12,450,269**	-	**12,452,428**
Derivative Financial Liabilities	2,159	12,450,269	-	12,452,428

(*) The details of the balance are amounting to TL209,670 under Financial Assets at Fair Value Through Profit or Loss, which is disclosed in Note 6.b.2 of Section Five.

(**) The fair value difference does not include share balance amounting to TL7,674 which is included in financial assets at financial assets at cost and reflected to other comprehensive income.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets	**15,458,095**	**9,509,078**	**126,806**	**25,093,979**
Financial Assets Measured at Fair Value through Profit/ Loss (FVTPL)(*)	315,301	128,831	126,806	570,938
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)(**)	15,142,692	30,723	-	15,173,415
Derivative Financial Assets	102	9,349,524	-	9,349,626
Financial Liabilities	**2,924**	**8,074,428**	**-**	**8,077,352**
Derivative Financial Liabilities	2,924	8,074,428	-	8,077,352

(*) The details of the balance are amounting to TL116,829 under Financial Assets at Fair Value Through Profit or Loss, which is disclosed in Note 6.b.2 of Section Five.

(**) The fair value difference does not include share balance amounting to TL7,674 which is included in financial assets at financial assets at cost and reflected to other comprehensive income.

Confirmation for fair value of financial assets under Level 3 is as below:

	Current Period	Prior Period
Opening Balance	**126,806**	**86,838**
Change in total gain/loss	**92,368**	**29,991**
Accounted in income statement	92,368	*29,991*
Accounted in other comprehensive income	-	-
Purchases and Transfers	23,181	9,977
Disposals	-	-
Matured Loans(*)	-	-
Sales from Level 3	-	-
Closing Balance	**242,355**	**126,806**

IX. Explanations Related to Transactions Carried on Behalf of Others and Fiduciary Transactions

The Bank provides buying, selling and custody services and management and financial advisory services in the name of the third parties. Such transactions are followed under off-balance sheet accounts.

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to Assets

1. a) Cash and balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	678,315	6,245,263	616,296	1,486,250
T.R. Central Bank	6,654,230	56,333,197	1,811,815	23,368,532
Other	103,735	279,831	77,629	45,935
Total	**7,436,280**	**62,858,291**	**2,505,740**	**24,900,717**

b) Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	6,654,230	18,465,910	1,811,815	9,884,092
Restricted Time Deposits	-	37,867,287	-	13,484,440
Total	**6,654,230**	**56,333,197**	**1,811,815**	**23,368,532**

As of 31 December 2021 amount of TL7,083 (31 December 2020 - TL3,399) provision provided for the account T.R. Central Bank.

As of 31 December 2021, our bank has been appointed to CBRT depending on the maturity structure, the required reserve rates for TL liabilities vary between 3% and 8% for TL deposits and other liabilities according to their maturities. The reserve rates for foreign currency liabilities vary between 5% and 25% for deposit and other foreign currency liabilities according to their maturities. Gold deposit liabilities vary between 22% and 26% for gold liabilities according to their maturities.

In accordance with the “Communiqué Regarding the Reserve Requirements”, the reserve requirements can be maintained as TL, USD, EUR and standard gold. According to the required reserve communiqué, as long as the amount converted to Turkish lira deposits with a maturity of 1 month or longer, foreign currency deposits (including precious metals) existing on 25 June 2021, remain in the Turkish lira time deposit account, the “Turkish Lira Time Deposit Conversion Amount” and benefits from a separate interest rate on the amount. In the period of 31 December 2021, the Parent Bank benefited from 14% interest rate over the Turkish Lira Time Deposit Conversion Amount. For TL required reserves, excluding the Turkish Lira Time Deposit Conversion Amount, interest was taken using the 8.5% interest rate.

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts, for banks whose conversion rate from US Dollar, Euro and British Pound FX deposit accounts and FX denominated participation fund accounts to TL time deposits and participation accounts has reached 10% as of the liability date of 15 April 2022 and to 20% as of the liability date of 8 July 2022, It has been decided not to apply an annual commission of 1.5% over the portion up to the amount to be kept for its liabilities until the end of the year.

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

a) Information on financial assets at fair value through profit/loss given as collateral or blocked

As of balance sheet date, amount of financial assets at fair value through profit/loss which has given as collateral or blocked is TL19,850 (31 December 2020 - TL16,933).

b) Financial assets at fair value through profit/loss which subject to repurchase agreement

None (31 December 2020 - None).

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

c) Positive differences related to derivative financial assets held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	373,516	-	150,165	-
Swap Transactions	7,657,503	1,729,687	2,725,863	1,679,819
Futures Transactions	-	-	-	-
Options	-	289,303	102	161,465
Total	**8,031,019**	**2,018,990**	**2,876,130**	**1,841,284**

3. a) Information on banks accounts

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	822	1,203,335	965	127,042
Foreign	-	13,916,247	152	1,338,544
Foreign Head Offices and Branches	-	-	-	-
Total	**822**	**15,119,582**	**1,117**	**1,465,586**

As of 31 December 2021 amount of TL3,670 provision provided for the Bank account (31 December 2020 - TL10,168).

In accordance with the Uniform Chart of Accounts, which became effective as of 1 January 2021, foreign bank guarantees amounting to TL7,481,729 as of the balance sheet date, which were among the other assets of the previous period, are reported in the line of foreign banks in the current period, the average maturity of these guarantees is 1 for months.

b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount(**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1,240,635	597,949	7,478,485	-
USA and Canada	5,046,277	692,396	3,244	-
OECD Countries(*)	8,567	2,865	-	-
Off-shore Banking Regions	-	-	-	-
Other	139,039	45,486	-	-
Total	**6,434,518**	**1,338,696**	**7,481,729**	**-**

(*) Includes OECD countries other than the EU countries, USA and Canada.

(**) No money is kept in blocked accounts in foreign banks for loans used from foreign markets. (31 December 2020 - None).

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

4. Information on Receivables from Reverse Repurchase Agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	-	-	**250,124**	-
T.R Central Bank	-	-	-	-
Banks	-	-	250,124	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organization	-	-	-	-
Real Persons	-	-	-	-
Foreign Transactions	-	**159,508**	-	**92,610**
Central Banks	-	-	-	-
Banks	-	159,508	-	92,610
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Persons	-	-	-	-
Total	-	**159,508**	**250,124**	**92,610**

5. Information on Financial Assets Measured at Fair Value through Other Comprehensive Income

a) Information on financial assets measured at fair value through other comprehensive income that are subject to repurchase agreements and given as Collateral/blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Given as Collateral/ Blocked	3,200,224	2,244,960	920,138	303,114
Subject to repurchase agreements	498,884	7,553,683	27,227	7,627,357
Total	**3,699,108**	**9,798,643**	**947,365**	**7,930,471**

b) Information on financial assets at fair value through other comprehensive income

	Current Period	Prior Period
Debt securities	**20,978,048**	**15,282,501**
Quoted on a stock exchange(*)	20,978,048	15,282,501
Unquoted on a stock exchange	-	-
Share certificates	**7,781**	**7,781**
Quoted on a stock exchange	-	-
Unquoted on a stock exchange	7,781	7,781
Impairment provision (-)(**)	**(1,344,743)**	**(109,193)**
Total	**19,641,086**	**15,181,089**

(*) The Eurobond Portfolio amounting to TL4,561,219 (31 December 2020 - TL3,176,047) which is accounted for as financial assets measured at fair value through other comprehensive income were hedged under fair value hedge accounting starting from March and April 2009.

(**) As of 31 December 2021 amount of TL2,815 (31 December 2020 - TL2,083) provision provided for financial assets measured at fair value through other comprehensive income account.

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

6. Information related to loans

a) Information on all types of loans and advances given to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	**-**	**55,271**	**2,500**	**45,878**
Corporate Shareholders	-	55,271	2,500	45,878
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees(*)	**170,379**	**-**	**149,520**	**-**
Total	**170,379**	**55,271**	**152,020**	**45,878**

(*) Includes the advances given to the bank personnel.

b) Performing loans and loans under follow-up including restructured or rescheduled loans, and other receivables

b.1) Financial assets measured at amortized cost

		Loans Under Close Monitoring(*)		
			Restructured Loans and Receivables	
Cash Loans	Standard Loans and Other Receivables	Loans and Receivables Not Subject to restructuring	Loans and Receivables with Revised Contract Terms	Refinance
Non-specialized Loans	**184,582,127**	**9,880,936**	**1,273,729**	**8,037,918**
Enterprise Loans	3,794,049	7,261	-	-
Export Loans	10,210,672	47,381	-	-
Import Loans	6,326	-	-	-
Loans Given to Financial Sector	6,908,903	30	-	-
Retail Loans	36,850,259	1,364,396	275,845	756,903
Credit Cards	27,761,240	1,879,865	-	405,567
Other	99,050,678	6,582,003	997,884	6,875,448
Specialized Loans	**-**	**-**	**-**	**-**
Other Receivables	**-**	**-**	**-**	**-**
Total	**184,582,127**	**9,880,936**	**1,273,729**	**8,037,918**

	Standard Loans	Loans Under Close Monitoring
Current Period		
Provision for 12 Month Expected Credit Losses	2,093,107	-
Significant Increase in Credit Risk	-	3,267,407
Prior Period		
Provision for 12 Month Expected Credit Losses	1,037,995	-
Significant Increase in Credit Risk	-	2,828,305

b.2) Loans measured at fair value through profit/loss

In the current period, the Bank follows the loan amounting to TL209,670 under financial assets at fair value through profit or loss in line with TFRS 9 (31 December 2020 - TL116,829).

c) Loans measured at amortized cost and other receivables according to their maturity structure

		Loans Under Close Monitoring	
Cash Loans	Standard Loans	Loans Not Subject to Restructuring	Loans with Restructured Loans
Short-term Loans	74,464,342	1,879,865	405,567
Medium and Long-term Loans	110,117,785	8,001,071	8,906,080
Total	**184,582,127**	**9,880,936**	**9,311,647**

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

d) Information on consumer loans, individual credit cards, personnel loans and personnel credit cards

	Short Term	Medium and Long Term	Total
Consumer Loans - TL	**1,701,462**	**34,169,227**	**35,870,689**
Housing Loans	778	3,526,423	3,527,201
Automobile Loans	561	19,188	19,749
Personal Need Loans	1,700,123	30,623,616	32,323,739
Other	-	-	-
Consumer Loans - FC Indexed	**-**	**1,563**	**1,563**
Housing Loans	-	1,397	1,397
Automobile Loans	-	-	-
Personal Need Loans	-	166	166
Other	-	-	-
Consumer Loans - FC	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Individual Credit Cards - TL	**22,036,521**	**401,965**	**22,438,486**
Installment	8,061,856	279,539	8,341,395
Non- Installment	13,974,665	122,426	14,097,091
Individual Credit Cards - FC	**41,282**	**94**	**41,376**
Installment	-	-	-
Non- Installment	41,282	94	41,376
Personnel Loans - TL	**7,514**	**89,142**	**96,656**
Housing Loans	-	48	48
Automobile Loans	-	-	-
Personal Need Loans	7,514	89,094	96,608
Other	-	-	-
Personnel Loans - FC Indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Personnel Loans - FC	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Personnel Credit Cards - TL	**70,452**	**617**	**71,069**
Installment	24,138	211	24,349
Non-Installment	46,314	406	46,720
Personnel Credit Cards - FC	**152**	**-**	**152**
Installment	-	-	-
Non-Installment	152	-	152
Overdraft Accounts - TL (Real Persons)	**3,140,408**	**138,087**	**3,278,495**
Overdraft Accounts - FC (Real Persons)	**-**	**-**	**-**
Total	**26,997,791**	**34,800,695**	**61,798,486**

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

e) Information on commercial loans with installments and corporate credit cards

	Short Term	Medium and Long Term	Total
Commercial Loans with Installment Facility - TL	**1,021,047**	**18,212,892**	**19,233,939**
Real Estate Loans	-	215,253	215,253
Automobile Loans	22,431	646,336	668,767
Personal Need Loans	998,616	17,351,303	18,349,919
Other	-	-	-
Commercial Loans with Installment Facility - FC Indexed	**-**	**362,019**	**362,019**
Real Estate Loans	-	1,730	1,730
Automobile Loans	-	1,701	1,701
Personal Need Loans	-	358,588	358,588
Other	-	-	-
Commercial Loans with Installment Facility - FC	**-**	**-**	**-**
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Corporate Credit Cards - TL	**7,372,818**	**119,208**	**7,492,026**
Installment	3,095,987	81,741	3,177,728
Non-Installment	4,276,831	37,467	4,314,298
Corporate Credit Cards - FC	**3,555**	**8**	**3,563**
Installment	-	-	-
Non-Installment	3,555	8	3,563
Overdraft Accounts - TL (Legal Entities)	**1,211,149**	**6,422**	**1,217,571**
Overdraft Accounts - FC (Legal Entities)	**-**	**-**	**-**
Total	**9,608,569**	**18,700,549**	**28,309,118**

f) Allocation of loans to customers(*)

	Current Period	Prior Period
Public	127,577	-
Private	203,647,133	140,230,859
Total	**203,774,710**	**140,230,859**

(*) The table does not include non-performing loan amount.

g) Allocation of domestic and foreign loans(*)

	Current Period	Prior Period
Domestic Loans	202,117,091	139,129,640
Foreign Loans	1,657,619	1,101,219
Total	**203,774,710**	**140,230,859**

(*) The table does not include non-performing loan amount.

h) Loans granted to subsidiaries and associates

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	2,202,964	1,256,220
Indirect Loans Granted to Subsidiaries and Associates	-	-
Total	**2,202,964**	**1,256,220**

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

i) Specific provisions for loans (Stage III/Specific Provision)

	Current Period	Prior Period
Provisions		
Loans and Receivables with Limited Collectability	608,541	501,358
Doubtful Loans and Other Receivables	440,090	311,173
Uncollectible Loans and Receivables	5,711,998	6,077,239
Total	**6,760,629**	**6,889,770**

j) Non-performing loans (NPLs) (Net)

j.1) Non-performing loans and other receivables restructured or rescheduled

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
Gross Amounts Before the Provisions	580	592	191,581
Restructured Loans	580	592	191,581
Prior Period			
Gross Amounts Before the Provisions	-	31,099	170,246
Restructured Loans	-	31,099	170,246

j.2) Movement of total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
Prior Period End Balance	**932,487**	**535,729**	**7,659,377**
Additions (+)	1,323,225	1,360,556	155,446
Transfers from Other Categories of Non-Performing Loans (+)	-	1,081,472	1,965,510
Transfers to Other Categories of Non-Performing Loans (-)	1,081,472	1,965,510	-
Collections (-)	75,687	295,963	1,480,136
Write-offs (-)	-	-	126,001
Debt Sales (-)	-	-	**1,019,989**
Corporate and Commercial Loans	-	-	240,776
Consumer Loans	-	-	339,137
Credit Cards	-	-	440,076
Others	-	-	-
Current Period End Balance	**1,098,553**	**716,284**	**7,154,207**
Provision (-)	608,541	440,090	5,711,998
Net Balances on Balance Sheet	**490,012**	**276,194**	**1,442,209**

(*) The Bank sold TL1,019,989 of its non-performing loans portfolio to the asset management firm for a consideration of TL205,772.

j.3) Information on foreign currency non-performing loans and other receivables

None (31 December 2020 - None).

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

j.4) Breakdown of non-performing loans according to their gross and net values

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	**490,012**	**276,194**	**1,442,209**
Loans to Real Persons and Legal Entities (Gross)	1,098,553	716,284	7,009,968
Provision (-)	608,541	440,090	5,567,759
Loans to Real Persons and Legal Entities (Net)	490,012	276,194	1,442,209
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	144,239
Provision (-)	-	-	144,239
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	**431,129**	**224,556**	**1,581,138**
Loans to Real Persons and Legal Entities (Gross)	932,487	535,729	7,447,168
Specific provision (-)	501,358	311,173	5,865,030
Loans to Real Persons and Legal Entities (Net)	431,129	224,556	1,582,138
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	212,209
Specific provision (-)	-	-	212,209
Other Loans and Receivables (Net)	-	-	-

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)			
Interest Accruals and Valuation Differences	199,336	86,316	1,195,269
Provision (-)	110,170	40,115	791,012
Prior Period (Net)			
Interest Accruals and Valuation Differences	438,835	61,708	704,083
Provision (-)	237,518	32,724	496,538

k) Liquidation policies for uncollectible loans and other receivables

For the unrecoverable non-performing loans under legal follow-up, the loan quality, collateral quality, bona fide of the debtor and assessment of the emergency of legal follow-up are considered, before applying the best practice for unrecoverable non-performing loans under legal follow up. The Bank prefers to liquidate the risk through negotiations with the debtors. If this cannot be possible, then the Bank starts the legal procedures for the liquidation of the risk. Ongoing legal follow-up procedures do not prevent negotiations with the debtors. An agreement is made with the debtor at all stage of the negotiations for the liquidation of the risk.

l) Explanations on write-off policy

The Bank's general policy on write-off of NPLs is explained in Note VIII of Section Three.

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

7. Information on Financial Assets Measured at Amortized Cost

a) Information on financial assets measured at amortized cost subject to repurchase agreements and provided as collateral/blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Given as Collateral / Blocked	1,261,325	635,643	1,943,581	-
Subject to repurchase agreements	1,506,303	13,431,793	3,545,946	7,500,243
Total	**2,767,628**	**14,067,436**	**5,489,527**	**7,500,243**

b) Information on government debt securities measured at amortized cost

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bond	14,876,060	14,162,999	9,559,633	8,413,914
Treasury Bill	-	-	-	-
Other Debt Securities	-	254,975	-	208,028
Total	**14,876,060**	**14,417,974**	**9,559,633**	**8,621,942**

c) Information on investment securities measured at amortized cost

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Securities	**14,876,060**	**14,980,916**	**9,559,633**	**9,183,723**
Publicly-traded	14,876,060	14,980,916	9,559,633	9,183,723
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
Total	**14,876,060**	**14,980,916**	**9,559,633**	**9,183,723**

d) Movement of investments measured at amortized cost within the period:

	Current Period	Prior Period
Value at the beginning of the period	**18,743,356**	**16,181,302**
Exchange differences on monetary assets	6,418,170	1,745,497
Acquisitions during the year	5,543,888	2,333,458
Disposals through sales and redemptions	(2,609,710)	(2,260,925)
Provision for losses (-)	-	-
Valuation effect	1,761,272	744,024
The sum of end of the period	**29,856,976**	**18,743,356**

As of 31 December 2021, a provision amounting to TL9,793 (31 December 2020 - TL10,156) is provided for the financial assets measured at amortized cost.

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

8. Investments in associates (Net)

8.1. Investments in associates

a) Information on the unconsolidated subsidiaries

Title	Address (City/ Country)	Bank's Share-If Different, Voting Rights (%)	Bank's Risk Group Share (%)
Bankalararası Kart Merkezi (BKM)(*)	Istanbul/Turkey	4.52	4.52
Ulusal Derecelendirme A.Ş.(**)	Istanbul/Turkey	2.86	2.86

Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
299,199	397,536	96,050	27,496	-	93,651	53,042	-
34,723	27,961	26,022	639	-	2,467	6,146	-

(*) Current period information is based on 30 September 2021 financials. Prior period profit and loss amounts are based on 31 December 2020 financials.

(**) Current period information is based on 31 December 2020 financials. Prior period profit and loss amounts are based on 31 December 2020 financials.

b) Information on the consolidated subsidiaries

None (31 December 2020 - None).

8.2. Movements of investments in associates

	Current Period	Prior Period
Balance at the Beginning of Period	**14,026**	**5,982**
Movements During the Period	-	8,044
Purchases	-	-
Bonus Shares Received	-	8,044
Dividends From Current Year Profit	-	-
Sales	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at the End of the Period	**14,026**	**14,026**
Capital Commitments	**-**	**-**
Share Percentage at the End of the Period (%)	**-**	**-**

8.3. Sectoral information on investments and associates, and the related carrying amounts

	Current Period	Prior Period
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	14,026	14,026
Total	**14,026**	**14,026**

8.4. Quoted Associates

None (31 December 2020 - None).

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

8.5. Valuation methods of investments in associates

	Current Period	Prior Period
Valued at Cost	14,026	14,026
Valued at Fair Value	-	-
Valued at Equity Method	-	-
Total	**14,026**	**14,026**

9. Investments in subsidiaries (Net)

a) Information on the unconsolidated subsidiaries

	Title	Address (City/ Country)	Bank's Share-If different, Voting Rights (%)	Bank's Risk Group Share (%)
1.	Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş.(*)	Istanbul/Turkey	99.91	99.99
2.	EFINANS Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.(*)	Istanbul/Turkey	100.00	100.00

	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Company's Fair Value
1.	83,232	14,540	33,294	-	-	11,873	104	-
2.	46,656	22,737	5,655	3,336	-	6,775	(4,128)	-

(*) Current period information is based on 31 December 2021 financials. Prior period profit and loss amounts are based on 31 December 2020 financials.

b) Information on the consolidated subsidiaries

b.1) Information on the consolidated subsidiaries

	Subsidiary	Address (City/Country)	Bank's Share If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1.	QNB Finans Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	99.80	100.00
2.	QNB Finans Finansal Kiralama A.Ş.	Istanbul/Turkey	99.40	99.40
3.	QNB Finans Portföy Yönetimi A.Ş.	Istanbul/Turkey	88.89	100.00
4.	QNB Finans Faktoring A.Ş.	Istanbul/Turkey	99.99	100.00
5.	QNB Finans Varlık Kiralama Şirketi A.Ş.	Istanbul/Turkey	-	100.00

Information on subsidiaries in the order presented in the table above

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Company's Fair Value(*)
1.	1,081,184	543,344	21,960	174,254	8,223	183,054	166,706	-
2.	12,896,248	1,237,631	22,508	863,535	-	201,536	140,668	1,230,205
3.	119,330	110,011	1,365	1,839	-	23,383	11,616	-
4.	4,050,086	260,648	17,035	496,189	-	59,826	31,445	-
5.	395	383	-	-	-	-	183	-

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

b.2) Movement of consolidated subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	**1,645,370**	**1,334,906**
Movements during the period	**484,428**	**310,464**
Bonus Shares Received	-	-
Purchases	-	-
Dividends from Current Year Profit	-	-
Disposals(*)	(25,651)	-
Revaluation Increase(**)	510,079	310,464
Impairment Provision	-	-
Balance at the End of the Period	**2,129,798**	**1,645,370**
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

(*) The sale amount of the Hemenal Finansman A.Ş pursuant to the decision of the Board of Directors dated 19 October 2020. As of the balance sheet date, the said sale transaction was completed on 31 May 2021.

(**) Includes equity method accounting differences.

b.3) Sectoral information on consolidated financial subsidiaries and the related carrying amounts

	Current Period	Prior Period
Factoring Companies	260,648	201,852
Leasing Companies	1,230,205	1,031,467
Finance Companies	-	25,651
Other Subsidiaries	638,945	386,400
Total	**2,129,798**	**1,645,370**

b.4) Subsidiaries quoted on stock exchange

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	1,230,205	1,031,467
Quoted on International Stock Exchanges	-	-
Total	**1,230,205**	**1,031,467**

b.5) Information on shareholders' equity of the significant subsidiaries

The Bank does not have any significant subsidiaries.

10. Information on joint ventures

	Title	Address (City/ Country)	Bank's Share-If different, Voting Rights (%)	Bank's Risk Group Share (%)
1.	Cigna Sağlık, Hayat ve Emeklilik A.Ş.(**)	Istanbul/Turkey	49.00	49.00
2.	Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.(**)	Istanbul/Turkey	33.33	33.33

	Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Securities Income	Current Period Profit/ Loss	Prior Period Profit/Loss	Company's Fair Value
1. (*)	2,398,283	348,448	36,364	-	-	259,843	185,501	-
2.	211,574	145,667	41,467	-	-	47,210	27,501	-

(*) Cigna Sağlık, Hayat ve Emeklilik A.Ş., which is among the joint ventures of the Bank, is accounted by the fair value method in the unconsolidated financial statements in accordance with the Turkish Financial Reporting Standards.

(**) Current period information is presented as of 30 November 2021, and prior period profit and loss amounts are presented based on the financial statements prepared as of 31 December 2020.

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

11. Information on lease receivables (Net)

None (31 December 2020 - None).

12. Information on the hedging derivative financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge(*)	8,388,215	206,207	2,966,278	265,248
Cash Flow Hedge(**)	3,214,981	144,482	1,143,010	257,676
Foreign Net Investment Hedges	-	-	-	-
Total	**11,603,196**	**350,689**	**4,109,288**	**522,924**

(*) Derivative Financial Instruments at fair value consists swaps. As of 31 December 2021, TL8,388,215 (31 December 2020 - TL2,966,278) from securities, TL206,207 (31 December 2020 - TL265,248) from loans, represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value.

(**) Represents the fair value of derivative financial instruments for cash flow hedge of deposits and floating interest borrowings.

13. Explanations regarding the investment properties:

Prior Year End	Land and Buildings	Fixed Assets from Finance Lease	Vehicles	Other Tangible Fixed Assets	Total
Cost	3,089,148	303,522	92,689	2,006,604	5,491,963
Accumulated Depreciation(-)	384,819	251,566	21,407	1,357,890	2,015,682
Net Book Value	**2,704,329**	**51,956**	**71,282**	**648,714**	**3,476,281**
Current Year End					
Cost at the Beginning of the Period	**3,089,148**	**303,522**	**92,689**	**2,006,604**	**5,491,963**
Additions(*)	214,767	163	94,995	344,703	654,628
Disposals (-)	58,249	10,745	18,425	25,490	112,909
Impairment (-) / (increase)	(3,972)	-	-	-	(3,972)
Current Period Cost	**3,241,694**	**292,940**	**169,259**	**2,325,817**	**6,029,710**
Accumulated Depreciation at the Beginning of the Period	**384,819**	**251,566**	**21,407**	**1,357,889**	**2,015,681**
Disposals (-)	63,496	3,405	18,965	24,321	110,187
Depreciation Amount	221,951	4,129	38,545	199,458	464,083
Current Period Accumulated Depreciation (-)	**543,274**	**252,290**	**40,987**	**1,533,026**	**2,369,577**
Net Book Value-end of the Period	**2,698,420**	**40,650**	**128,272**	**792,791**	**3,660,133**

(*) As stated in footnote in Section III - Part 4, fair value exchange difference income amortized at an amount of TL27,685 belonging to immovable property subjected to fair value hedge accounting by the Bank is shown on “Additions” line in Property, Plant and Equipment movement statement.

a) If impairment on individual asset recorded or reversed in the current period is material for the overall financial statements:

Events and conditions for recording or reversing impairment and amount of recorded or reversed impairment in the financial statements:

The fair values of the buildings are determined by the licensed expertise companies and as a result of the changes in the fair value of these buildings, the impairment loss reverse of TL3,972 has been canceled (31 December 2020 - TL2,337 provisions for impairment).

b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially effecting the overall financial statements, and the reason and conditions for this:

None (31 December 2020 - None).

c) Pledges, mortgages and other restrictions (if any) on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None (31 December 2020 - None).

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

14. Explanations on intangible assets:

	Intangible Rights	Goodwill	Total
Prior Period End			
Cost	1,556,364	-	1,556,364
Accumulated Amortization (-)	1,051,666	-	1,051,666
Net Book Value	**504,698**	**-**	**504,698**
Current Period End			
Cost at the Beginning of the Period	**1,556,364**	**-**	**1,556,364**
Additions	298,464	-	298,464
Disposals (-)	-	-	-
Impairment (-) / (increase)	-	-	-
Current Period Cost	**1,854,828**	**-**	**1,854,828**
Accumulated Amortization at the Beginning of the Period	**1,051,666**	**-**	**1,051,666**
Disposals (-)	-	-	-
Amortization Charge (-)	174,489	-	174,489
Current Period Accumulated Amortization (-)	**1,226,155**	**-**	**1,226,155**
Net Book Value-End of the Period	**628,673**	**-**	**628,673**

a) Disclosures for book value, description and remaining life to be amortized for a specific intangible fixed asset that is material to the financial statements

None (31 December 2020 - None).

b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition

None (31 December 2020 - None).

c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition:

None (31 December 2020 - None).

d) The book value of intangible fixed assets that are pledged or restricted for use:

None (31 December 2020 - None).

e) Amount of purchase commitments for intangible fixed assets:

None (31 December 2020 - None).

f) Information on revalued intangible assets according to their types:

None (31 December 2020 - None).

g) Amount of total research and development expenses recorded in income statement within the period if any:

Amount of research expenses recorded in income statement within the current period TL15,734 (31 December 2020 - TL14,474).

h) Positive or negative consolidation goodwill on entity basis:

None (31 December 2020 - None).

i) Information on goodwill:

None (31 December 2020 - None).

j) Movements on goodwill in the current period:

None (31 December 2020 - None).

15. Information on assets held for sale and discontinued operations:

None (31 December 2020 - None).

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

16. Information on Tax Asset

As of 31 December 2021, the Bank has TL2,040 current tax asset and TL133,892 deferred tax asset calculated under the related regulations.

Deferred tax assets and liabilities are reflected to the financial statements by netting off according to TAS 12. As of 31 December 2021, the Bank has deferred tax assets amounting to TL2,611,625 and deferred tax liabilities amounting to 2,477,733 which arise between the carrying amount of the assets and liabilities in the balance sheet and the tax bases determined in accordance with tax legislation and calculated over the amounts to be taken into account in the calculation of financial profit / the tax liability is netted and recorded in the records.

Deferred tax is offset against deferred tax assets or liabilities, if the differences between the carrying amount and the fair value of the related assets are related to the equity account group. The deferred tax asset amounting to TL255,491 has been netted under equity (31 December 2020 - TL39,474 deferred tax asset).

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Provision for Employee Rights	977,114	589,451	195,423	117,890
Difference Between the Book Value of Financial Assets and Tax Base	4,139,112	954,436	827,822	190,887
Other(*)	7,941,900	5,035,574	1,588,380	1,010,546
Deferred Tax Assets			**2,611,625**	**1,319,323**
Difference Between the Book Value Financial Assets and Tax Base	(446,957)	(378,548)	(89,391)	(75,710)
Difference Between the Book Value of Financial Assets and Tax Base	(10,772,225)	(1,191,243)	(2,154,445)	(238,248)
Other	(474,166)	(368,326)	(233,897)	(73,665)
Deferred Tax Liabilities			**(2,477,733)**	**(387,623)**
Deferred Tax Assets/(Liabilities) - Net			**133,892**	**931,700**

(*) Includes expected loss provision and accumulated temporary differences for other provisions.

	Current Period 01.01-31.12.2021	Prior Period 01.01-31.12.2020
Deferred Tax as of 1 January Active/ Passive - Net	931,700	348,688
Deferred Tax (Loss) / Gain	(1,053,299)	543,538
Deferred Tax that is Realized Under Shareholder's Equity	255,491	39,474
Deferred Tax Active/(Passive) - Net	**133,892**	**931,700**

17. Information on assets held for sale and discontinued operations

	Current Period	Prior Period
Opening Balance Net Book Value	**-**	**-**
Additions(*)	-	-
Impairment (-)	-	-
Closing Net Book Value	**-**	**-**

(*) In prior period, within the context of the existing loan agreements, all creditors including the Bank have reached an agreement on restructuring the loans granted to Ojer Telekomünikasyon A.Ş. (OTAŞ) who is the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) and it is contemplated that Türk Telekom's number of 192,500,000,000 A group shares owned by OTAŞ, representing 55% of its issued share capital corresponding to A group shares have been pledged as a guarantee for the existing facilities would be taken over by a special purpose entity which is incorporated or will be incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. As per the agreed structure, it is agreed on the corresponding agreements, completed all required corporate and administrative permissions and the transaction is concluded by a transfer of the aforementioned shares to the special purpose entity incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. In this context, the Bank owned 1.19% of the founded special purpose entity and the related investment is considered within the scope of TFRS 5 "Assets Held for Sale and Discontinued Operation.

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

18. Information on other assets

Other assets item of the balance sheet does not exceed 10% of the balance sheet total excluding off-balance sheet commitments.

As of 31 December 2021, the Bank is provided provisions for other assets to TL8,503 (31 December 2020 - TL8,033).

19. Accrued interest and income

The details of interest and income accruals and rediscounts distributed on the related accounts and the details of the unrealized fair value increases (decreases) are presented in the table below.

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Instruments	19,634,215	2,369,679	6,985,418	2,364,208
Loans	4,138,138	1,172,015	3,565,838	788,150
Financial Assets at Fair Value Through Other Comprehensive Income	280,503	(984,469)	155,725	199,644
Financial Assets measured at amortized cost	858,545	241,641	464,532	145,944
Central Bank of Turkey	143,453	-	23,626	-
Financial Assets at Fair Value Through Profit or Loss	-	10	124	-
Banks	3,139	81	37	1,182
Other Accruals	37,658	1,835	69,085	522
Total	**25,095,651**	**2,800,792**	**11,264,385**	**3,499,650**

II. Explanations and Disclosures Related to Liabilities

1. Information on maturity structure of deposits

Current Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months l	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	**8,461,102**	**-**	**14,099,359**	**22,054,036**	**2,852,082**	**412,060**	**1,057,209**	**1,033**	**48,936,881**
Foreign Currency	**61,149,298**	**-**	**11,342,735**	**35,233,030**	**9,175,765**	**2,243,798**	**2,530,106**	**5,290**	**121,680,022**
Residents in Turkey.	58,663,884	-	11,108,157	34,389,617	8,755,156	2,140,704	1,566,486	5,290	116,629,294
Residents Abroad	2,485,414	-	234,578	843,413	420,609	103,094	963,620	-	5,050,728
Public Sector Deposits	**523,066**	**-**	**22,699**	**1,886**	**859**	**719**	**-**	**-**	**549,229**
Commercial Deposits	**5,082,550**	**-**	**8,014,924**	**7,118,381**	**51,125**	**12,203**	**15,122**	**-**	**20,294,305**
Other Ins. Deposits	**76,498**	**-**	**39,437**	**735,107**	**1,234**	**33,650**	**245**	**-**	**886,171**
Precious Metal Deposits	**20,194,048**	**-**	**-**	**129,327**	**48,272**	**29,318**	**1,198,554**	**-**	**21,599,519**
Bank Deposits	**569,447**	**-**	**11,644,754**	**688,474**	**74,417**	**-**	**-**	**-**	**12,977,092**
T.R Central Bank.	-	-	8,629,829	-	-	-	-	-	8,629,829
Domestic Banks	3,857	-	210,075	-	-	-	-	-	213,932
Foreign Banks	561,120	-	2,804,850	688,474	74,417	-	-	-	4,128,861
Participation Banks	4,470	-	-	-	-	-	-	-	4,470
Other	-	-	-	-	-	-	-	-	-
Total	**96,056,009**	**-**	**45,163,908**	**65,960,241**	**12,203,754**	**2,731,748**	**4,801,236**	**6,323**	**226,923,219**

(*) As of 31 December 2021, the balance of savings deposits includes the amount of TL2,442,291 Treasury Currency Protected Deposits and TL14,112 CBRT Currency Protected Deposits.

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

Prior Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	**5,796,641**	**-**	**8,238,554**	**17,597,011**	**1,513,801**	**780,673**	**1,205,634**	**921**	**35,133,235**
Foreign Currency	**25,321,783**	**-**	**5,493,253**	**26,126,722**	**3,260,457**	**714,797**	**1,577,949**	**3,652**	**62,498,613**
Residents in Turkey	24,225,697	-	5,434,343	25,610,776	3,059,338	680,693	1,159,552	3,652	60,174,051
Residents Abroad	1,096,086	-	58,910	515,946	201,119	34,104	418,397	-	2,324,562
Public Sector Deposits	**254,718**	**-**	**10,239**	**284**	**1,212**	**-**	**-**	**-**	**266,453**
Commercial Deposits	**3,790,736**	**-**	**3,177,846**	**4,803,343**	**158,876**	**99,557**	**7,175**	**-**	**12,037,533**
Other Ins. Deposits	**70,423**	**-**	**39,729**	**342,170**	**2,136**	**101,130**	**464**	**-**	**556,052**
Precious Metal Deposits	**14,766,037**	**-**	**634**	**65,986**	**14,492**	**4,545**	**632,807**	**-**	**15,484,501**
Bank Deposits	**123,019**	**-**	**3,436,160**	**1,006,657**	**17,508**	**-**	**-**	**-**	**4,583,344**
T.R Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	3,432	-	146,810	-	-	-	-	-	150,242
Foreign Banks	115,234	-	3,289,350	1,006,657	17,508	-	-	-	4,428,749
Participation Banks	4,353	-	-	-	-	-	-	-	4,353
Other	-	-	-	-	-	-	-	-	-
Total	**50,123,357**	**-**	**20,396,415**	**49,942,173**	**4,968,482**	**1,700,702**	**3,424,029**	**4,573**	**130,559,731**

1.1. Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit

	Covered by Deposit Insurance Fund		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	23,295,512	18,829,545	25,641,369	16,297,157
Foreign Currency Savings Deposits	23,322,540	17,246,257	74,161,488	39,206,519
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	**46,618,052**	**36,075,802**	**99,802,857**	**55,503,676**

1.2. Savings deposits in Turkey are not covered under insurance in another country since the headquarter of the Bank is not located abroad.

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

1.3. Savings deposits that are not covered under the guarantee of deposit insurance fund

	Current Period	Prior Period
Deposits and accounts in branches abroad	3,014	12,838
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairperson and members of the Board of Directors and their close family members	410,147	223,784
Deposits obtained through illegal acts defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated 26 September 2004	-	-
Saving deposits in banks established in Turkey exclusively for off-shore banking activities	-	-
Total	**413,161**	**236,622**

2. Information on trading derivative financial liabilities

Negative differences table for derivative financial liabilities held for trading

	Current Period(*)		Prior Period	
	TL	FC	TL	FC
Forwards transactions	1,622,423	-	113,317	-
Swaps transactions	7,358,117	1,735,075	4,629,044	1,722,572
Futures transactions	-	-	-	-
Options	2,159	67,196	2,924	26,523
Other	-	-	-	-
Total	**8,982,699**	**1,802,271**	**4,745,285**	**1,749,095**

(*) Derivative financial liabilities held for trading in the current period are shown on the financial statement in 7.1 Derivative Financial Liabilities line.

3. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank Loans	-	-	-	-
Domestic Bank and Institutions	526,513	366,330	486,735	393,343
Foreign Bank, Institutions and Funds	-	26,139,075	-	19,311,946
Total	**526,513**	**26,505,405**	**486,735**	**19,705,289**

b) Maturity information on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	526,513	2,679,024	486,735	5,547,774
Medium and Long-Term	-	23,826,381	-	14,157,515
Total	**526,513**	**26,505,405**	**486,735**	**19,705,289**

The Bank's fund sources include deposits, funds borrowed, securities issued and money market borrowings. Deposit is the most significant fund source of the Bank and does not present any risk concentration with its consistent structure extended to a wide base. Funds borrowed mainly consist of funds provided by foreign financial institutions which have different characteristics and maturity-interest structure such as syndication, securitization, and post-financing. There isn't risk concentration on the fund sources of the Bank.

c) Additional information on concentrations of the Bank's liabilities

As of 31 December 2021 the Bank's liabilities comprise; 61% deposits (31 December 2020 - 57%), 7% funds borrowed (31 December 2020 - 9%), 8% issued bonds (31 December 2020 - 6%) and 5% Money Market Debts (31 December 2020 - 6%).

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

4. Information on funds provided under repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic transactions	**1,891,193**	**-**	**3,593,907**	**-**
Financial institutions and organizations	1,878,568	-	3,579,659	-
Other institutions and organizations	5,798	-	8,731	-
Real persons	6,827	-	5,517	-
From foreign transactions	**411,619**	**15,717,177**	**782,537**	**10,112,950**
Financial institutions and organizations	407,467	15,717,177	775,550	10,112,950
Other institutions and organizations	4,152	-	6,987	-
Real persons	-	-	-	-
Total	**2,302,812**	**15,717,177**	**4,376,444**	**10,112,950**

5. Information on securities issued (Net)

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	4,609,660	2,154,632	1,502,745	829,044
Bills	-	21,624,460	52,219	11,122,377
Total	**4,609,660**	**23,779,092**	**1,554,964**	**11,951,421**

The Bank has government bond issue program (Global Medium Term Note Programme) amounting to USD5 Billion.

6. If other liabilities account exceeds 10% of total liabilities excluding the off-balance sheet items, information given about components of other liabilities account that exceeds 20% of the individual liability item in the unconsolidated balance sheet

Other liabilities do not exceed 10% of total liabilities excluding the off-balance sheet items.

7. Criteria used in the determination of lease installments in the financial lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

Interest rate and cash flow of the Bank are the main criteria which are taken into consideration determination of payment plans in the leasing contracts.

7.1. Changes in agreements and further commitments arising

No changes have been made to the leasing agreements in the current period (31 December 2020 - None).

7.2. Explanations on financial lease liabilities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	25,058	20,008	89,138	80,326
Between 1 - 4 years	591,125	472,681	399,531	366,087
More than 4 years	-	-	332	262
Total	**616,183**	**492,689**	**489,001**	**446,675**

7.3. Information and footnotes on operational lease

The bank makes operating lease agreements for some branches and ATM machines. The lease agreements are amortized during the lease period by measuring the lease obligation based on the present value of the lease payments (lease obligation) that has not been paid at that time (the lease obligation) as well as the relevant usage right as of the same date. Lease payments are discounted using this rate if the implicit interest rate in the lease can be easily determined. If the tenant cannot easily determine this rate, he uses the alternative borrowing interest rate. The tenant separately records the interest expense on the rental obligation and the depreciation expense of the right to use asset.

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

7.4. Information on "Sale -and- lease back" agreements

The Bank does non sale-and-lease back transactions in the current period (31 December 2020 - None).

8. Information on liabilities arising from hedging purpose derivatives

	Current Period(***)		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge(*)	-	821,225	9,318	666,991
Cash Flow Hedge(**)	177,316	668,917	19,101	887,562
Net Investment Hedge	-	-	-	-
Total	**177,316**	**1,490,142**	**28,419**	**1,554,553**

(*) Derivative financial instruments for fair value hedge purposes consist of swaps. As of 31 December 2021, TL821,225 from securities (31 December 2020 - TL666,991), represents the fair value of the derivative financial instruments used in the fair value hedging transaction. Loans do not have value of fair value of the derivative financial instruments used in the fair value hedging transaction (31 December 2020 - TL9,318).

(**) It represents the fair value of deposits, floating rate loans extended as FC and derivative financial instruments for cash flow hedging of floating rate borrowings.

(***) Derivative financial liabilities for the fair value hedge purposes in the period are presented in line 7.1 of the financial statements and financial liabilities for the purpose of cash flow hedges are shown in line 7.2.

9. Information on provisions

9.1. Provision for currency exchange gain/loss on foreign currency indexed loans

	Current Period	Prior Period
Foreign Exchange Provision for Foreign Currency Indexed Loans(*)	-	-

(*) The foreign exchange provision for foreign currency indexed loans netted against "Loans and Receivables" in asset.

9.2. Specific provisions for non-cash loans that are not indemnified and converted into cash or expected loss provision for non-cash

	Current Period	Prior Period
Stage 1	185,947	119,744
Stage 2	13,332	13,505
Stage 3	54,581	48,284
Total	**253,860**	**181,533**

9.3. Information on employee termination benefits

The Bank calculated the provision for employee benefits using the actuarial valuation method specified in Turkish Accounting Standards No. 19 and reflected it in its financial statements.

As of 31 December 2021 the Bank presented the provision for severance pay of TL469,457 (31 December 2020 - TL282,700) under the "Reserves for Employee Benefits" item in its financial statements.

As of 31 December 2021, the Bank has shown a total vacation liability of TL63,893 (31 December 2020 - TL47,661) under the "Reserves for Employee Benefits" in its financial statements.

As of 31 December 2021 TL443,764 (31 December 2020 - TL259,090) provision for salaries, bonuses and premiums to be paid to the personnel has been presented under the "Reserve for Employee Benefits" in its financial statements.

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

9.3.1. Movement of employee termination benefits

	Current Period 01.01-31.12.2021	Prior Period 01.01-31.12.2020
As of 1 January	282,700	230,436
Service Cost	33,948	28,742
Interest Cost	36,104	27,810
Settlement / curtailment / termination loss	21,015	22,283
Actuarial Difference	133,776	39,496
Paid during the period	(38,086)	(66,067)
Total	**469,457**	**282,700**

9.4. Information on other provisions

Except for those mentioned in note 9.3 above, there is a provision for lawsuits against the Bank and tax lawsuits in the amount of TL336,841 (31 December 2020 - TL293,835) in other provisions. The Bank has benefited from the relevant articles of the Law No. 7326 regarding various ongoing tax lawsuits.

10. Explanations on taxation

10.1. Informations on current taxes

10.1.1. Informations on current tax liability

As of 31 December 2021, the Bank's current tax liability is none (31 December 2020 - TL1,093,718). As of 31 December 2021, the Bank's prepaid tax is amounting to TL2,040 (31 December 2020 - TL30,019).

10.1.2. Information on taxes payable

	Current Period	Prior Period
Banking and Insurance Transaction Tax (BITT)	214,142	97,870
Taxation on Securities Income	75,403	49,371
Taxation on Real Estates Income	2,958	1,292
Other	61,269	39,159
Corporate taxes payable	-	1,063,699
Total	**353,772**	**1,251,391**

The "Corporate Taxes Payable" balance is presented in the "Current Tax Liability" account and other taxes are presented in the "Other Liabilities" account in the accompanying unconsolidated financial statements.

10.1.3. Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee Share	14,388	12,222
Social Security Premiums - Employer Share	16,586	13,522
Unemployment Insurance - Employee Share	1,012	859
Unemployment Insurance - Employer Share	2,024	1,718
Total	**34,010**	**28,321**

11. Information on payables related to assets held for sale

None (31 December 2020 - None).

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

12. Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
To be included in the calculation of additional capital	**-**	**6,816,673**	**-**	**3,855,730**
Subordinated Loans	-	6,816,673	-	3,855,730
Subordinated debt instruments	-	**-**	-	-
Debt instruments to be included in contribution capital calculation	**-**	**5,035,891**	**-**	**2,848,564**
Subordinated loans	-	5,035,891	-	2,848,564
Subordinated debt instruments	-	-	-	-
Total	**-**	**11,852,564**	**-**	**6,704,294**

13. Information on shareholder's equity

13.1. Paid-in capital

	Current Period	Prior Period
Common Stock	3,350,000	3,350,000
Preferred Stock	-	-

13.2. 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
Registered Capital System	3,350,000	12,000,000

13.3. Information on share capital increases and their sources; other information on any increase in capital shares during the current period

None (31 December 2020 - None).

13.4. Information on share capital increases from revaluation funds

None (31 December 2020 - None).

13.5. Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments

The Bank does not have any capital commitments, all of the capital is fully paid-in.

13.6. Prior periods' indicators related with the Bank's income, profit and liquidity and the possible effects of the uncertainties in these indicators on the Bank's equity

None (31 December 2020 - None).

13.7. Information on the privileges given to stocks representing the capital

None (31 December 2020 - None).

14. Common stock issue premiums

	Current Period	Prior Period
Number of Stocks (Thousands)	33,500,000	33,500,000
Preferred Capital Stock	-	-
Common Stock Issue Premiums(*)	714	714
Common Stock Withdrawal Profits	-	-
Other Capital Instruments	-	-

(*) Due to the Bank's capital increase at the prior periods, common stock issue premium accounted amounting to TL714.

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

15. Securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and Entities under Common Control	-	-	-	-
Valuation Difference	-	-	-	-
Foreign Exchange Rate Difference	-	-	-	-
Securities Measured at Fair Value Through Other Comprehensive Income (FVOCI)	**371,814**	**(1,955,341)**	**122,274**	**(597,082)**
Valuation Difference	371,814	(1,955,341)	122,274	(597,082)
Foreign Exchange Rate Difference	-	-	-	-
Total	**371,814**	**(1,955,341)**	**122,274**	**(597,082)**

16. Accrued interest and expenses

The details of interest and expense accruals and rediscounts distributed on the related accounts and the details of the unrealized fair value increases (decreases) are presented in the table below.

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Liabilities	9,160,015	3,292,413	4,773,704	3,303,648
Deposits	347,788	61,807	226,067	47,573
Funds Borrowed	20,185	125,790	11,395	95,192
Money Market Borrowings	10,311	52,057	4,140	86,673
Securities Issued	17,839	436,439	15,442	402,770
Other Accruals	416,526	291,202	244,331	180,671
Total	**9,972,664**	**4,259,708**	**5,275,079**	**4,116,527**

III. Explanations and Disclosures Related to Off-Balance Sheet Items

1. Information related to off-balance sheet contingencies

1.1. Type and amount of irrevocable commitments

	Current Period	Prior Period
Credit Cards Limit Commitments	49,733,289	35,495,520
Commitment For Use Guaranteed Credit Allocation	27,844,210	18,075,786
Forward, Asset Purchase Commitments	3,966,054	4,836,291
Other Irrevocable Commitments	3,181,145	4,124,298
Payment Commitments for Cheques	2,885,779	2,423,033
Commitments for Promotions Related with Credit Cards and Banking Activities Prom. Uyg. Taah	71,498	83,078
Tax and Fund Liabilities due to Export Commitments	29,314	27,046
Total	**87,711,289**	**65,065,052**

1.2. Type and amount of possible losses and commitments from off-balance sheet items

A provision of TL253,860 (31 December 2020 - TL181,533) has been made for non-compensated and non-cash loans or expected loan losses on off-balance sheet loans.

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

1.3. Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Bank Loans	8,707,676	6,838,598
Letters of Credit	8,268,187	3,618,937
Total	**16,975,863**	**10,457,535**

1.4. Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Final Letters of Guarantee	11,143,617	8,674,056
Advance Letters of Guarantee	4,679,152	2,969,287
Provisional Letters of Guarantee	989,132	989,173
Letters of Guarantee Given to Customs Offices	686,818	559,009
Other Letters of Guarantee	13,018,642	9,498,479
Total	**30,517,361**	**22,690,004**

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	**5,864,322**	**4,036,779**
Less Than or Equal to One Year with Original Maturity	1,113,508	371,430
More Than One Year with Original Maturity	4,750,814	3,665,349
Other Non-Cash Loans	**41,628,902**	**29,110,760**
Total	**47,493,224**	**33,147,539**

3. Information on risk concentration in sector terms in non-cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	**64,146**	**0.49**	**187,880**	**0.55**	**41,065**	**0.35**	**92,736**	**0.43**
Farming and Raising Livestock	48,540	0.37	3,788	0.01	31,852	0.27	16,889	0.08
Forestry	13,982	0.11	-	-	5,311	0.05	-	-
Fishing	1,624	0.01	184,092	0.54	3,902	0.03	75,847	0.35
Manufacturing	**2,694,667**	**20.47**	**16,869,155**	**49.14**	**2,224,235**	**19.13**	**10,205,325**	**47.42**
Mining and Quarrying	60,835	0.46	54,775	0.16	76,972	0.66	49,413	0.23
Production	2,419,032	18.38	16,439,294	47.88	1,948,468	16.76	9,938,395	46.18
Electricity, gas and water	214,800	1.63	375,086	1.09	198,795	1.71	217,517	1.01
Construction	**3,711,216**	**28.20**	**5,393,318**	**15.71**	**3,590,417**	**30.88**	**3,005,802**	**13.97**
Services	**6,341,918**	**48.19**	**11,592,111**	**33.76**	**5,532,156**	**47.58**	**7,944,905**	**36.92**
Wholesale and Retail Trade	4,009,451	30.46	3,844,435	11.20	3,601,179	30.97	2,388,624	11.10
Hotel, Food and Beverage Services	149,130	1.13	1,224,499	3.57	129,205	1.11	969,584	4.51
Transportation&Communication	560,897	4.26	332,004	0.97	508,543	4.37	860,884	4.00
Financial Institutions	988,705	7.51	5,811,220	16.93	822,433	7.07	3,453,939	16,0
Real Estate and Renting Services	27,266	0.21	16,753	0.05	12,160	0.10	1,351	0.01
Self Employment Services	296,136	2.25	262,665	0.77	216,990	1.87	126,209	0.59
Educational Services	17,433	0.13	-	-	8,959	0.08	18,080	0.12
Health and Social Services	292,900	2.23	100,535	0.29	232,687	2.00	126,234	0.59
Other	**349,260**	**2.65**	**289,553**	**0.84**	**239,314**	**2.06**	**271,584**	**1.26**
Total	**13,161,207**	**100.00**	**34,332,017**	**100.00**	**11,627,187**	**100.00**	**21,520,352**	**100.00**

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

4. Information on non-cash loans classified in first and second groups

	I. Group		II. Group	
Current Period(*)	**TL**	**FC**	**TL**	**FC**
Letters of Guarantee	12,812,490	17,387,175	158,679	104,436
Bills of Exchange and Acceptances	71,783	8,627,682	-	8,211
Letters of Credit	63,674	8,197,343	-	7,170
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-Cash Loans	**12,947,947**	**34,212,200**	**158,679**	**119,817**

(*) The amount of TL54,581 excluded for non-cash loans and ECL provision of non-cash loans which are under off-balance accounts and not indemnified and unliquidated but provisioned.

	I. Group		II. Group	
Prior Period(*)	**TL**	**FC**	**TL**	**FC**
Letters of Guarantee	11,139,793	11,274,727	139,498	87,702
Bills of Exchange and Acceptances	198,490	6,631,976	-	8,132
Letters of Credit	101,122	3,516,955	-	860
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-Cash Loans	**11,439,405**	**21,423,658**	**139,498**	**96,694**

(*) The amount of TL48,284 excluded for non-cash loans and ECL provision of non-cash loans which are under off-balance accounts and not indemnified and unliquidated but provisioned.

5. Information on derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	**232,868,961**	**161,723,749**
Forward transactions(*)	27,308,158	15,793,979
Swap transactions	200,917,401	140,796,098
Futures transactions	764,011	2,164,747
Option transactions	3,879,391	2,968,925
Interest Related Derivative Transactions (II)	**134,510,238**	**79,814,270**
Forward rate transactions	-	-
Interest rate swap transactions	134,510,238	79,814,270
Interest option transactions	-	-
Futures interest transactions	-	-
Security option transactions	-	-
Other trading derivative transactions (III)	**1,427,525**	**954,265**
A.Total Trading Derivative Transactions (I+II+III)	**368,806,724**	**242,492,284**
Types of hedging transactions		
Fair value hedges	47,936,722	29,132,830
Cash flow hedges	66,987,631	45,360,970
Net investment hedges	-	-
B.Total Hedging Related Derivatives	**114,924,353**	**74,493,800**
Total Derivative Transactions (A+B)	**483,731,077**	**316,986,084**

(*) This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

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

As of 31 December 2021, breakdown of the Bank's foreign currency forward and swap and interest rate swap transactions based on currencies are disclosed below in their TL equivalents:

	Forward Buy(**)	Forward Sell(**)	Swap Buy(*)	Swap Sell(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Current Period									
TL	6,855,300	1,540,982	17,376,629	61,314,860	821,817	405,775	361,015	15,423	-
USD	2,509,104	9,930,727	162,013,980	92,032,731	572,131	1,192,399	18,895	368,678	1,427,525
Euro	3,728,663	2,321,230	28,376,151	66,045,188	511,472	279,616	-	-	-
Other	122,863	299,289	23,077,722	114,731	48,196	47,985	-	-	-
Total	**13,215,930**	**14,092,228**	**230,844,482**	**219,507,510**	**1,953,616**	**1,925,775**	**379,910**	**384,101**	**1,427,525**

(*) This column also includes hedging purpose derivatives.

(**) This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

	Forward Buy(**)	Forward Sell(**)	Swap Buy(*)	Swap Sell(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Prior Period									
TL	2,339,011	1,126,427	9,154,646	45,077,301	491,416	529,849	172	1,109,224	-
USD	2,184,240	4,547,796	102,180,567	61,466,996	668,171	683,083	1,055,204	147	954,265
Euro	2,204,382	928,009	20,580,625	39,546,312	364,602	158,473	-	-	-
Other	1,210,609	1,253,505	16,825,374	272,347	14,766	58,565	-	-	-
Total	**7,938,242**	**7,855,737**	**148,741,212**	**146,362,956**	**1,538,955**	**1,429,970**	**1,055,376**	**1,109,371**	**954,265**

(*) This column also includes hedging purpose derivatives.

(**) This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

5.1. Fair value hedge accounting

a) Loans

The Bank applies fair value hedge accounting within the framework of TAS 39 by performing swap transactions in order to protect itself against changes that may occur in the fair value of a certain part of its long term fixed interest loans resulting from changes in market interest rates. As of the balance sheet date, the TL installment loans amounting to TL7,277,481 (31 December 2020 - TL4,324,987) were subject to hedge accounting by swaps with a nominal amount of TL5,829,388 (31 December 2020 - TL4,770,807). On 31 December 2021, the net market valuation difference gain of TL61,621 arising from TL750,813 expense from the aforementioned loans (31 December 2020 - TL318,019 as expense) and TL689,193 gain from swaps (31 December 2020 - TL318,019 gain), is shown under "Gains / Losses From Derivative Transactions" account in the financial statements.

According to TAS 39, fair value hedge accounting definitions, some of the fair value hedge accounting applications ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TL62,140 (31 December 2020 - TL77,019 loss) related to the loans that are ineffective for hedge accounting under "Gain/(Loss) From Financial Derivatives Transactions" as gain during the current period.

b) Financial assets measured at fair value through other comprehensive income

The Bank applies fair value hedge accounting through swaps in order to hedge long term fixed coupon foreign currency eurobonds in its portfolio against interest rate fluctuations. As of the balance sheet date, eurobonds with a nominal value of USD299,952 Million and EUR44 Million (31 December 2020 - USD320,759 Million and EUR49,8 Million) were subject to hedge accounting by interest swaps of the same nominal value. On 31 December 2021, net market valuation difference income of TL557, arising from, TL131,060 expense from aforementioned eurobonds (31 December 2020 - TL294,155 gain) and TL130,504 loss from swaps (31 December 2020 - TL294,438 expense), is shown under "Gains / Losses From Derivative Transactions" account in the financial statements.

The Bank does not have a TL denominated government bond portfolio subject to fair value hedge accounting in the current period (31 December 2020 - None).

c) Marketable Securities Issued

The Bank applies fair value hedge accounting using interest rate swaps in order to hedge against changes in interest rate with regard to fixed rated, FC denominated securities issued. As of the balance sheet date, bonds with a nominal value of USD730 Million (31 December 2020 - USD730 Million) are subject to hedge accounting with the same nominal amount of swaps. As of 31 December 2021, a net market valuation difference income of TL1,035, consisting of TL76,228 income from the aforementioned securities (31 December 2020 - TL183,021 expense) and TL75,193 expense from swaps (31 December 2020 - TL180,605 income), is shown under "Gains / Losses From Derivative Transactions" account in the financial statements.

5.2. Cash flow hedge accounting

a) Floating Rate Loans

The Bank subjects a certain portion of its floating rate TL loans to cash flow hedge accounting using interest swaps in order to hedge against changes in market interest rates. The Bank applies efficiency tests for hedge accounting at every balance sheet date, the active parts are accounted under equity in the "Hedge Funds" account line in the financial statements as defined in TAS 39, and the amount related to the ineffective part is associated with the income statement As of the balance sheet date, swaps with a nominal amount of USD675 million (31 December 2020 - of USD875 million) have been subject to hedging accounting as hedging instruments and as a result of the mentioned hedge accounting, fair value expense before tax amounting to TL91,416 (31 December 2020 - TL222,484) has been recognized under equity in the current period. There is no ineffective portion in the mentioned hedge accounting transaction.

The Parent Bank is subject to cash flow hedge accounting through interest rate swaps in order to protect some of its long-term floating rate loans from changes in market interest rates. The Bank applies effectiveness tests for hedge accounting at each balance sheet date, the effective parts are accounted for in the "Hedging Funds" account item under equity in the financial statements as defined in TAS 39, and the amount related to the ineffective part is associated with the income statement. As of the balance sheet date, swaps with a nominal amount of TL1,850 million (31 December 2020 - None.) have been subject to hedging accounting as hedging instruments. As a result of the mentioned hedging accounting, fair value loss before tax of TL165,120 (31 December 2020 - None). was accounted under equity in the current period.

b) Deposit

The Bank applies cash flow hedge accounting using interest rate swaps in order to hedge itself from the interest rate changes of deposits that have an average maturity until 3 months, the Bank implements cash flow hedge accounting with interest rate swaps. The Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity "Hedging Funds", whereas the ineffective portions are accounted for at income statement as defined in TAS 39. As at the balance sheet date, swaps amounting to TL150,000 are subject to hedge accounting as hedging instruments (31 December 2020 - TL150,000). As a result of the mentioned hedge accounting, fair value gain before taxes amounting to TL16,723 are accounted for under equity during the current period (31 December 2020 - TL61,956 gain). There is no ineffective portion in the mentioned hedge accounting transaction (31 December 2020 - None).

As of the balance sheet date, swaps with a nominal amount of USD1,328 million (31 December 2020 - USD1,708 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 74 million (31 December 2020 - EUR74 million) have been subject to hedge accounting with Euro deposits. As a result of above mentioned hedge accounting, fair value income before taxes amounting to TL526,927 are accounted for under equity during the current period (31 December 2020 - TL187,599 loss). The loss amounting to TL3,875 (31 December 2020 - TL1,247 loss) related to the ineffective portion is associated with the income statement.

When the cash flow hedge accounting cannot be continued effectively as defined in TAS 39, the accounting application is terminated. Effective parts classified under equity due to hedge accounting are subtracted from equity and reclassified into profit or loss as a reclassification adjustment in the period or periods in which the hedged estimated cash flows affect profit or loss (such as the periods in which interest income or expense is recognized). Due to the swaps whose effectiveness was deteriorated or closed in the current period, a loss amounting to TL28,640 was transferred from equity to the income statement (31 December 2020 - TL56,022 loss).

The measurements as of 31 December 2021, hedge of cash flow transactions stated above are determined as effective.

c) Floating Rate Liabilities

As at the balance sheet date, swaps amounting to USD454 million are subject to hedge accounting as hedging instruments (31 December 2020 - USD485 million). As a result of the mentioned hedge accounting, fair value income before taxes amounting to TL48,015 are accounted for under equity during the current period (31 December 2020 - TL112,418 loss). There is no ineffective portion in the mentioned hedge accounting transaction.

On the other hand, accounting application is terminated when cash flow hedge accounting is not effectively maintained as defined in TAS 39. According to this; The valuation effects classified under equity due to hedge accounting are reflected in the income statement throughout the life of the item subject to hedge accounting. Due to hedge accounting practices terminated in the current year, a gain amounting to TL39,561 (31 December 2020 - TL14,038) was transferred from the "Gain/losses from derivative transactions" to the income statement.

The measurements as of 31 December 2021 hedge of cash flow transactions stated above are determined as effective.

6. Credit derivatives and risk exposures on credit derivatives

As of 31 December 2021, the Bank has no commitments "Credit Linked Notes" (As of 31 December 2020 - None).

As of 30 September 2021, "Other Derivative Financial Assets" with nominal amount of USD110,000,000 (31 December 2020 - USD130,000,000) are included in Bank's "Credit Default Swap.". In aforementioned transaction, the Bank is the seller of the protection for USD110,000,000.

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

7. Information on contingent liabilities and assets

The Bank has recorded a provision of TL222,837 (31 December 2020 - TL157,199) for the lawsuits filed against the Bank with a high probability of occurrence, in accordance with Principle of Prudence. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

8. Information on the services in the name and account 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.

9. Information on the Bank's rating by international rating institutions

MOODY's - December 2020		FITCH - February 2021	
Long-Term Deposit Rating (FC)	B2	Long -Term Issuer Default Rating (FC)	B+ (Negative)
Long-Term Deposit Rating (TL)	B1	Short-Term Issuer Default Rating (FC)	B
Short-Term Deposit Rating (FC)	NP	Long-Term Issuer Default Rating (TL)	BB- (Negative)
Short-Term Deposit Rating (TL)	NP	Short-Term Issuer Default Rating (TL)	B
Baseline CreditAssessment	b3	Long-Term National Rating	AA(tur) (Stable)
Adjusted Baseline Credit Assessment	b1	Support	4
Outlook	Negative	Viability Rating	b+
Long-Term Senior Unsecured Debt Rating (FC)	B2		

IV. Explanations and Disclosures Related to the Income Statement

1. a) Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term Loans	8,282,448	625,051	4,672,331	370,731
Medium and Long-Term Loans	8,424,462	2,482,182	6,684,471	1,952,453
Non-Performing Loans	454,420	-	71,879	-
Resource Utilization Support Fund Premiums	-	-	-	-
Total(*)	**17,161,330**	**3,107,233**	**11,428,681**	**2,323,184**

(*) Includes fee and commission income related to cash loans.

b) Information on interest income from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank(*)	-	-	-	-
Domestic Banks	27,701	49	73,949	112
Foreign Banks	2,964	15,252	1,854	21,145
Foreign Headquarters and Branches	-	-	-	-
Total	**30,665**	**15,301**	**75,803**	**21,257**

(*) The interest income on Required Reserve amounting TL447,034 is not included into interest income on Banks (31 December 2020 - TL47,326).

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

c) Information on interest income from securities portfolio

	Current Period	
	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	18,970	3,102
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	1,360,494	538,984
Financial Assets Measured at Amortized Cost	2,194,177	632,341
Total	**3,573,641**	**1,174,427**

	Prior Period	
	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	11,271	1,374
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	712,400	406,143
Financial Assets Measured at Amortized Cost	1,217,111	453,382
Total	**1,940,782**	**860,899**

As stated in Section Three disclosure VII.2, the Bank has inflation indexed (CPI) government bonds in its Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) and Financial Assets Measured at Amortized Cost portfolios. As disclosed in 'Inflation Indexed Bonds Manual' published by Republic of Turkey Ministry of Treasury and Finance , reference index used for the actual payments is determined based on the inflation rates of two months before.

d) Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	159,672	82,316

2. a) Information on interest expense related to funds borrowed(*)

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	**72,441**	**1,348,119**	**42,454**	**1,076,942**
T.R. Central Bank	-	-	-	-
Domestic Banks	68,590	8,411	38,638	6,611
Foreign Banks	3,851	1,339,708	3,816	1,070,331
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	-	**-**	**-**
Total	**72,441**	**1,348,119**	**42,454**	**1,076,942**

(*) Includes fee and commission expenses related to cash loans.

b) Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	9,086	9,177

c) Information on interest expense paid to securities issued

As of 31 December 2021 interest paid to securities issued is TL1,523,672 (31 December 2020 - TL990,211).

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

d) Information on maturity structure of interest expenses on deposits (Current Period)

		Time Deposits						
Account	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
Turkish Lira								
Bank Deposits	-	110,875	35	-	-	-	-	110,910
Saving Deposits	43	1,661,563	4,024,068	315,809	120,525	171,976	-	6,293,984
Public Sector Deposits	-	1,936	129	165	22	-	-	2,252
Commercial Deposits	10	820,542	1,112,130	53,834	31,986	1,984	-	2,020,486
Other Deposits	-	7,569	89,965	10,341	22,903	30	-	130,808
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	**53**	**2,602,485**	**5,226,327**	**380,149**	**175,436**	**173,990**	**-**	**8,558,440**
Foreign Currency								
Deposits	6	15,158	190,579	50,512	12,055	42,226	-	310,536
Bank Deposits	121	22,717	5,845	634	-	-	-	29,317
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	5,837	-	-	-	-	-	5,837
Total	**127**	**43,712**	**196,424**	**51,146**	**12,055**	**42,226**	**-**	**345,690**
Grand Total	**180**	**2,646,197**	**5,422,751**	**431,295**	**187,491**	**216,216**	**-**	**8,904,130**

Information on maturity structure of interest expense on deposits (Prior Period)

		Time Deposits						
Account	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
Turkish Lira								
Bank Deposits	-	12,360	19,468	-	-	-	-	31,828
Saving Deposits	455	733,858	1,729,366	59,948	29,993	119,404	-	2,673,024
Public Sector Deposits	-	348	471	83	-	-	-	902
Commercial Deposits	241	381,894	496,222	24,591	5,061	4,668	-	912,677
Other Deposits	-	3,752	41,816	1,631	6,657	175	-	54,031
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	**696**	**1,132,212**	**2,287,343**	**86,253**	**41,711**	**124,247**	**-**	**3,672,462**
Foreign Currency								
Deposits	185	27,125	308,722	55,740	19,774	34,916	-	446,462
Bank Deposits	33	76,490	17,618	407	-	-	-	94,548
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	3,610	-	-	-	-	-	3,610
Total	**218**	**107,225**	**326,340**	**56,147**	**19,774**	**34,916**	**-**	**544,620**
Grand Total	**914**	**1,239,437**	**2,613,683**	**142,400**	**61,485**	**159,163**	**-**	**4,217,082**

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

2. e) Information on interest expense on repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Repurchase Agreements(*)	1,100,733	149,522	267,772	195,322

(*) Includes Interest on Money Market Transactions

f) Information on lease expenses

	Current Period	Prior Period
Leasing Expenses	62,259	57,946

g) Information on interest expense on factoring payables

None (31 December 2020 - None).

3. Information on dividend income

	Current Period	Prior Period
Financial Derivative Assets at Fair Value through Profit/Loss (FVTPL)	-	-
From Financial Assets at Fair Value through Profit and Loss	-	-
From Financial Assets at Fair Value through Other Comprehensive Income	-	-
Other	518	5,258
Total	**518**	**5,258**

4. Information on trading income/loss

	Current Period	Prior Period
Trading Income	**16,424,352**	**12,678,459**
Gains on Capital Market Transactions	266,889	349,925
From Derivative Financial Instruments	6,955,385	6,043,050
Foreign Exchange Gains	9,202,078	6,285,484
Trading Loss (-)	**19,997,190**	**15,403,844**
Losses on Capital Market Transactions	116,514	81,518
From Derivative Financial Instruments	13,591,207	9,310,634
Foreign Exchange Losses	6,289,469	6,011,692
Net Trading Income/Loss	**(3,572,838)**	**(2,725,385)**

5. Information on other operating income

The Bank recorded the current year collections from loans written off in the previous period, portfolio management fees and expense accrual cancelations in “Other Operating Income” account.

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

6. Provision for losses and other provision expenses

	Current Period	Prior Period
Expected Credit Loss	**3,063,038**	**2,405,011**
12 month expected credit loss (Stage 1)	1,052,406	133,528
Significant increase in credit risk (Stage 2)	585,098	1,243,581
Non-performing loans (Stage 3)	1,425,534	1,027,902
Marketable Securities Impairment Expense	**732**	**124**
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	732	124
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	**-**	**-**
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	**177,687**	**138,791**
Total	**3,241,457**	**2,543,926**

7. Information on other operating expenses:

	Current Period	Prior Period
Reserve for Employee Termination Benefits(*)	52,981	12,768
Depreciation Expenses of Fixed Assets	464,083	403,134
Amortization Expenses of Intangible Assets	174,489	147,622
Other Operating Expenses	1,481,036	1,165,770
Leasing Expenses Related to TFRS 16 Exemptions	*1,679*	*1,895*
Maintenance Expenses	*472,522*	*263,072*
Advertisement Expenses	*95,006*	*99,951*
Other Expenses	*911,829*	*800,852*
Loss on Sales of Assets	838	959
Other	696,486	597,741
Total	**2,869,913**	**2,327,994**

(*) Includes in the Personnel Expenses item in the financial statement.

8. Fees for Services Obtained from Independent Auditor/Independent Audit Firm

	Current Period(*)(**)	Prior Period(*)(**)
Independent audit fee for the reporting period	3,302	2,259
Fees for tax advisory services	-	277
Fee for other assurance services	603	885
Fees for services other than independent auditing	-	-
Total	**3,905**	**3,421**

(*) Consolidated amounts are reported.

(**) VAT excluded.

9. Information on profit/loss from continued and discontinued operations before taxes

For the period ended 31 December 2021 net interest income in income items amounting to TL12,352,709 (31 December 2020 - TL9,856,641), net fees and commission income amounting to TL3,391,172 (31 December 2020 - TL2,362,819) and other operating income amounting to TL469,343 (31 December 2020 - TL66,051) constitute an important part of the income.

10. Explanations on tax provision for continued and discontinued operations

10.1. Current period taxation benefit or charge and deferred tax benefit or charge

As of 31 December 2020, the Bank has recorded tax charge TL8,528 (31 December 2020 - TL1,055,958 loss) and a deferred tax loss of TL982,217 (31 December 2020 - TL19,258 deferred tax loss) and a deferred tax income of TL2,035,516 (31 December 2020 - TL562,796 deferred tax income) from its continuing operations.

10.2. Explanations on operating profit/loss after taxes

None (31 December 2020 - None).

11. Explanations on net profit/(loss) from continued and discontinued operations

Net profit of the Bank from continued operations is TL3,928,114 (31 December 2020 - TL2,746,899).

12. Explanations on net income/loss for the period

12.1. The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period

None (31 December 2020 - None).

12.2. Effect of changes in accounting estimates on income statement for the current and for subsequent periods.

None.

12.3. There is no profit or loss attributable to minority shares.

12.4. There are no changes in the nature and amount of accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods.

12.5. Information on the components of other items in the income statement exceeding 10% of the total, or items that comprise at least 20% of the income statement

Fees and commissions from credit cards, transfers and insurance intermediaries are recorded in the "Others" line under "Fees and Commissions Received" account, while fees and commissions given to credit cards are recorded in the "Others" line under "Fees and Commissions Paid" account by the Bank.

V. Explanations And Disclosures Related To Statement Of Changes In Shareholder's Equity

Have not been prepared in accordance with the 25th clause of Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements.

1. Changes resulting from valuation of financial assets measured at fair value through other comprehensive income

Net decrease of TL1,108,077 (31 December 2020 - TL306,464 net increase) after tax effect resulting from valuation of at financial assets measured at fair value through other comprehensive income is included in "accumulated other comprehensive income or loss reclassified through profit or loss" account under shareholders' equity.

2. Explanations on foreign exchange differences

None.

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

3. Explanations on dividend

3.1. Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements

There is no dividend notified before the promulgation of financial statements. It was decided to distribute the year 2020 profit as stated below at the Ordinary General Assembly held on 25 March 2021.

2020 profit distribution table:

Current Year Profit	2,588,276
A - I. Legal Reserve (Turkish Commercial Code 466/1) at 5%	-
B - The First Dividend for Shareholders	-
C - Profit from Disposal of Associates	-
D - II. Legal Reserves	-
E - Gains on Real estate Sales Fund	-
F - Extraordinary Reserves	(2,588,276)

3.2. Dividends per share proposed subsequent to the balance sheet date

No decision is taken concerning the profit distribution by the General Assembly as of the balance sheet date.

3.3. Transfers to legal reserves

	Current Period	Prior Period
Amount Transferred to Reserved from Retained Earnings	-	-

4. Information on issuance of share certificates

4.1. The rights, priorities and restrictions regarding the share capital including distribution of income and repayment of the capital None (31 December 2020 - None).

5. Information on the other capital increase items in the statement of changes in shareholders’ equity

There was no capital increase in 2021. None (31 December 2020 - None).

VI. Explanations And Disclosures Related To Cash Flows Statement

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents

“Other items” amounting to TL2,308,094 (31 December 2020 - TL337,616) in “Operating profit before changes in operating assets and liabilities” consist of decrease in commissions paid amounting to TL1,032,863 (31 December 2020 - TL528,292), net trading income/loss decrease in amounting to TL305,351 (31 December 2020 - TL2,669,734 net trading income/loss) and other operating expenses amounting to TL1,508,582 (31 December 2020 - TL2,479,058).

The “Other” item in the “change in other assets subject to banking activity” amounting to TL4,289,681 (31 December 2020 - TL3,420,081) includes colleterals amounting to TL1,257,284 (31 December 2020 - TL2,057,862) and other assets amounting to TL3,032,397 (31 December 2020 - TL1,362,219).

“Other” item in the “Change in other liabilities of the field of banking” amounting to TL11,384,422 (31 December 2020 - TL6,870,364) includes debts to money markets amounting to TL3,559,040 (31 December 2020 - TL5,389,518), other liabilities amounting to TL11,467,636 (31 December 2020 - TL1,830,571), other capital reserves amounting to TL1,539,340 (31 December 2020 - TL349,725).

“Other” item amounting to TL123,975 (31 December 2020 - TL214,040) included in “Net cash flow from investment activities” includes increase in intangible assets.

The effect of change in foreign exchange rate on cash and cash equivalents is the sum of the foreign exchange differences arising from the conversion of the average balances of cash and cash equivalents in foreign currency to TL at the beginning of the period and at the end of the period. As of 31 December 2021, TL4,346,096 (31 December 2020 - TL615,145).

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

2. Information regarding the balances of cash and cash equivalents at the beginning of the period

Prior Period

	31 December 2020
Cash	**2,226,110**
Cash in TL	616,296
Cash in Foreign Currencies	1,486,250
Other	123,564
Cash Equivalents	**13,199,372**
Balances with the T.R. Central Bank	11,695,907
Banks	1,183,963
Money Market Placements	342,734
Less: Accruals	(23,232)
Cash and Cash Equivalents	**15,425,482**

3. Information regarding the balances of cash and cash equivalents at the end of the period

Current Period

	31 December 2021
Cash	**7,307,144**
Cash in TL	678,315
Cash in Foreign Currencies	6,245,263
Other	383,566
Cash Equivalents	**39,793,087**
Balances with the T.R. Central Bank	25,120,140
Banks	14,656,385
Money Market Placements	159,508
Less: Accruals	(142,946)
Cash and Cash Equivalents	**47,100,231**

4. Restricted cash and cash equivalents due to legal requirements or other reasons

A portion of foreign bank accounts amounting to TL464,536 (31 December 2020 - TL283,258,628) includes blocked cash for foreign money and capital market transactions and for borrowings from foreign markets.

5. Additional information

5.1. Restrictions on the Bank's potential borrowings that can be used for ordinary operations or capital commitment

None (31 December 2020 - None).

5.2. The sum of cash flows that show the increases in banking activity capacity, apart from the cash flows needed to maintain current banking activity capacity

None (31 December 2020 - None).

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

VII. Explanations 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

1.1. As of 31 December 2021, the Bank's risk group has deposits amounting to TL1,572,400 (31 December 2020 - TL578,345), cash loans amounting to TL2,204,737 (31 December 2020 - TL1,259,351) and non-cash loans amounting to TL85,277 (31 December 2020 - TL73,688).

Current Period

	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group(**)	
Bank's Risk Group(*)	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	1,256,220	22,598	2,500	45,878	631	5,212
Balance at the End of the Period	2,202,964	25,118	-	55,271	1,773	4,888
Interest and Commission Income	159,672	24	-	267	872	-

Prior Period

	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group(**)	
Bank's Risk Group(*)	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	1,015,749	13,860	3,192	37,126	21	5,524
Balance at the End of the Period	1,256,220	22,598	2,500	45,878	631	5,212
Interest and Commission Income(***)	82,316	167	-	9	32	1

(*) As described in the Article 49 of Banking Law No 5411.

(**) Includes the loans given to the Bank's indirect subsidiaries.

(***) Prior Period Balance Represents 31 December 2020 balance.

1.2. Information on deposits held by the Bank's risk group

	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group(**)	
Bank's Risk Group(*)	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Balance at the Beginning of the Period	284,875	125,530	-	-	293,470	208,189
Balance at the End of the Period	1,046,640	284,875	-	-	525,760	293,470
Interest on deposits(***)	9,086	9,177	-	-	23,218	9,073

(*) As described in the Article 49 of Banking Law No 5411.

(**) Includes the loans given to the Bank's indirect subsidiaries.

(***) Prior Period Balance Represents 31 December 2020 balance.

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

1.3. Information on forward and option agreements and similar agreements made with the Bank's risk group

	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group(**)	
Bank's Risk Group(*)	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes						
Beginning of the Period	1,506,342	1,470,504	-	-	-	-
End of the Period	1,473,687	1,506,342	-	-	-	-
Total Income/Loss(***)	38,790	25,993	(56)	-	(20)	-
Transactions for Hedging Purposes						
Beginning of the Period		-		-		-
End of the Period		-		-		-
Total Income/Loss(***)		-		-		-

(*) As described in the Article 49 of Banking Law No 5411.

(**) Includes the loans given to the Bank's indirect subsidiaries.

(***) Prior Period Balance Represents 31 December 2020 balance.

1.4. Information on benefits provided to top management

As of 31 December 2021, the total amount of remuneration and bonuses paid to top management of the Bank is TL203,352 (31 December 2020 - TL146,728).

2. Disclosures of transactions with the Bank's risk group

2.1. 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.

2.2. In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

As of 31 December 2021, cash loans of the risk group represented 1.0% of the Bank's total cash loans (31 December 2020 - 0.8%), the deposits represented 0.7% of the Bank's total deposits (31 December 2020 - -0.4%) and derivative transactions represented 0.3% of the Bank's total derivative transactions (31 December 2020 - 0.5%).

2.3. Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agent contracts, financial lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts

The Bank enters into finance lease agreements with QNB Finans Finansal Kiralama A.Ş. As of 31 December 2021, the Bank has net finance lease payables to QNB Finans Finansal Kiralama A.Ş. amounting to TL10.194 (31 December 2020 - TL20,268) relating with finance lease agreements.

The Bank has signed an agreement with Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş. regarding research, development, advisory and improvement services.

Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., in which the Bank participated 33.33% shareholding, provides cash transfer services to the Bank.

Information about the Bank's subordinated loans is explained under Section 5, Part II. footnote 12.

Banka The Bank provides agency services to Cigna Sağlık, Hayat ve Emeklilik A.Ş., which is a jointly controlled entity with 49.00% shares held by the Bank.

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

VIII. Explanations on the Bank's Domestic, Foreign and Off-Shore Banking Branches and Foreign Representatives

1. Information relating to the bank's domestic and foreign branch and representatives

	Number	Employees	Country	Total Assets	Capital
Domestic Branch	444	10,944			
Foreign Representation	-	-	-		
Foreign Branch	1	7	1- Bahrain	28,372,637	-
Off-shore Banking and Region Branches			-	-	-

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related to the Bank's Operations

1. Disclosure related to subsequent events and transactions that have not been finalized yet, and their impact on the financial statements

The issuances of the Bank after the balance sheet date are as follows.

Issue Date	Currency	Nominal	Due Date
07/01/2022	TL	210,800,000	77
14/01/2022	TL	292,250,000	70
21/01/2022	GBP	21,898,000	276
21/01/2022	GBP	20,398,000	245
28/01/2022	TL	504,500,000	84
28/01/2022	TL	250,150,000	126

The Group's Board of Directors has decided to appoint Mr. Osman Ömür Tan to be effective as of 1 January 2022, following the completion of the necessary legal procedures for the position of General Manager to be vacated due to the resignation of General Manager, Mr. Temel Güzeloğlu, effective 1 January 2022 and it was decided to carry out the necessary procedures within the framework of the relevant legislation.

The Parent Bank's Board of Directors decided to increase the current registered capital ceiling of the Bank from TL12,000,000 valid for the years 2018-2022 to TL20,000,000, to renew the validity period of the said registered capital ceiling to cover the years 2022-2026, and for this purpose, Article 7 of the Articles of Association. It has been decided to submit the issue of amendment to the approval of the first General Assembly to be held in 2022 and to authorize the General Directorate to make the necessary applications before the official institutions in order to obtain the necessary permissions in this regard.

2. Information on the effects of significant changes in foreign exchange rates after balance sheet date on the items denominated in foreign currency and financial statements and the Group's operations abroad that would affect decision making process of users and foreign operations of the Bank

There are no significant fluctuations in the currency exchange rates after the balance sheet date that would affect the analysis and decision making process of the readers of the financial statements.

3. Other matters

None.

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. Explanations on the Independent Auditor's Report

The unconsolidated financial statements for the period ended 31 December 2021 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The auditor's report dated 2 February 2022 is presented preceding the unconsolidated financial statements.

II. Explanations and Notes Prepared by Independent Auditors

None (31 December 2020 - None).

QNB Finansbank Anonim Şirketi
Independent Auditor's Report

To the General Assembly of QNB Finansbank A.Ş.:

A. Audit of the Consolidated Financial Statements

1. Opinion

For the accounting period ending on the same date as the consolidated balance sheet of QNB Finansbank A.Ş. ("The Bank") and its subsidiaries subject to consolidation (collectively referred to as the "Group"); we have audited the consolidated financial statements, which consist of the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows, and the footnotes of the consolidated financial statements, including a summary of significant accounting policies.

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

2. Basis for Opinion

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (Including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated 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 during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

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

Key Audit Matter	*How the matter is addressed in our audit*
Impairment of loans determined within the framework of TFRS 9 The Group has total expected credit losses for loans and receivables amounting to TL12,685,795 thousand in respect to total loans and receivables amounting to TL225,041,056 thousand which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2021. Explanations and footnotes regarding the provision for impairment of loans are included in Notes VIII of Section Three and Footnotes 1.6 of Section Five of the accompanying consolidated financial statements as of 31 December 2021. In accordance with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" published in the Official Gazette dated 22 June 2016 and numbered 29750, the Group allocates provisions for impairment in accordance with the provisions of the "TFRS 9 Financial Instruments Standard". TFRS 9 is a complex accounting standard that requires significant judgement and interpretation in practice. These judgements and interpretations are key in developing financial models applied to measure expected credit losses on loans measured at amortized cost. In addition, a large amount of data obtained from more than one system is needed to operate the models created, and the completeness and accuracy of this data is key in determining expected credit losses. The expected loss allowance for loans includes management's best estimates and past loss experience as of the balance sheet date and is calculated collectively for similar loan portfolios. For important loans, it is evaluated on an individual basis. Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their characteristics (staging) and the importance of determination of the associated expected credit loss. Correct classification of the loans and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.	With respect to stage classification of loans and receivables and calculation of expected credit losses in accordance with TFRS 9, we have assessed policy, procedure and management principles of the Group within the scope of our audit.We tested the design and the operating effectiveness of relevant controls implemented in accordance with these principles. We checked appropriateness of matters considered in methodology applied by the Group for staging of loans and receivables and calculation of the provision amount. For forward looking assumptions by the Group's management in its expected credit losses calculations, we held discussions with management, evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, exposure at default model, loss given default model and approaches in relation to projection of macroeconomic expectations with our financial risk experts. We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors). Our procedures also included the following: • Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used. • For a sample of exposures, we checked the accuracy of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flowsand the resultant arithmetical calculations. • We checked the calculation of the Loss Given Default (LGD) used by the Group in the expected credit losses calculations, and tested collaterals, recovery and costs in addition to arithmetical calculations. • For a selected sample, we checked expected credit losses determined based on individual assessment per Group's policy by means of supporting data, and evaluated appropriateness via communications with management. • We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists. • We checked accuracy of expected credit losses calculations. • To assess appropriateness of the Group's determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample. • We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Group with respect to loans and receivables and related impairment provision.

4. Other Matter

The consolidated financial statements of the Bank and its consolidated subsidiaries as at 31 December 2020 were audited by another auditor whose report dated 28 January 2021 expressed an unqualified opinion.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

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

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

Talar Gül, SMMM
Partner
Istanbul, 2 February 2022

QNB Finansbank Anonim Şirketi'nin
The Consolidated Financial Report of QNB Finansbank A.Ş.
For the Year Ended 31 December 2021

The Parent Bank's;

Address of the head office	:	Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli - İSTANBUL
Phone number	:	(0 212) 318 50 00
Facsimile number	:	(0 212) 318 56 48
Web page	:	www.qnbfinansbank.com
E-mail address	:	investor.relations@qnbfinansbank.com

The consolidated financial report for the year ended 31 December 2021, designed by the Banking Regulation and Supervision Agency in line with the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- General Information about the Parent Bank
- Consolidated Financial Statements of the Parent Bank
- Explanations on the Accounting Policies of the Parent Bank
- Information on Consolidated Financial Structure and Risk Management of the Group
- Footnotes and Explanations on Consolidated Financial Statements
- Other Explanations
- Independent Audit Report

Within the context of this financial report for the year ended, the consolidated subsidiaries, entities under common control and structured entities are as follows. There are no associates included in the consolidation.

Subsidiaries

1. ONB Finans Finansal Kiralama Anonim Şirketi
2. QNB Finans Yatırım Menkul Değerler Anonim Şirketi
3. QNB Finans Portföy Yönetimi Anonim Şirketi
4. QNB Finans Faktoring Anonim Şirketi
5. QNB Finans Varlık Kiralama Şirketi Anonim Şirketi

Entities Under Common Control (Joint Ventures)

1. Cigna Sağlık, Hayat ve Emeklilik A.Ş.

Structured Entities

1. Bosphorus Financial Services Limited
2. QNBeyond Ventures B.V.
3. Finance Capital Finance Limited

The consolidated financial statements and related disclosures and footnotes for the year ended 31 December 2020, are prepared in accordance with the Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in **thousands of Turkish Lira (TL)**.

Mehmet Ömer Arif Aras
Chairperson of
the Board of Directors

Ali Teoman Kerman
Member of the Board of
Directors and Chairperson of the
Audit Committee

Ramzi T.A. Mari
Member of the Board of
Directors and of the
Audit Committee

Noor Mohd J. A. Al-Naimi
Members of the Board of
Directors and of the Audit Committee

Durmuş Ali Kuzu
Members of the Board of
Directors and of the Audit Committee

Osman Ömür Tan
General Manager
And Member of the Board of Directors

Adnan Menderes Yayla
Executive Vice President
Responsible for Financial Control and Planning

Ercan Sakarya
Director of Financial, Statutory Reporting
and Treasuary Control

Information related to the responsible personnel to whom the questions about the financial statements can be communicated:

Name-Surname/Title	:	Elif Akan / Financial Reporting Manager
Phone Number	:	(0 212) 318 57 80
Facsimile Number	:	(0 212) 318 55 78

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SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

I. Explanatory Note on the Establishment Date, Nature of Activities and History of the Parent Bank

QNB Finansbank Anonim Şirketi (The Parent Bank and/or the Bank) was incorporated in Istanbul on 23 September 1987. The Parent Bank's shares have been listed on the Borsa Istanbul ("BIST") formerly known as Istanbul Stock Exchange ("ISE") since the first public offering on 1990.

II. Information About the Parent Bank's Shareholding Structure, Shareholders Who Individually or Jointly Have the Power to Control the Management and Audit Directly or Indirectly, Changes Regarding These Subjects During the Year, If Any, and Information About the Controlling Group of the Parent Bank

A share sales agreement has been concluded between National Bank of Greece S.A. (NBG), principal shareholder of the Parent Bank in previous periods, and Qatar National Bank Q.P.S.C. ("QNB") regarding the direct or indirect sales of NBG's shares, owned by affiliates and current associations of the Parent Bank, at the rate of 99.81% to QNB at a price of EUR2,750 million as of 21 December 2015. On 7 April 2016, BRSA permitted to transfer shares at ratios of 82.23%, 7.90%, 9.68% owned by National Bank of Greece S.A., NBGI Holdings B.V. and NBG Finance (Dollar) PLC respectively in the capital of the Bank to Qatar National Bank S.A.Q. in the framework of paragraph 1 of article 18 of Banking Law and dropping direct share of National Bank of Greece S.A. to 0% through the aforementioned share transfer. Necessary permissions related to share transfer have been completed on 4 May 2016 before the Competition Authority while permission transactions regarding direct/indirect share ownership which shall realize in related affiliates of the Bank (QNB Finans Yatırım Menkul Değerler A.Ş., QNB Finans Portföy Yönetimi A.Ş., QNB Finans Finansal Kiralama A.Ş. and Cigna Sağlık, Hayat ve Emeklilik A.Ş.) before the related official bodies on 12 May 2016 and share transfer of the Bank has been completed on 15 June 2016.

The Parent Bank has decided to change the logo and the name of the company within the scope of the main shareholder change and brand strategies the new logo and the company name of the Parent Bank has started to be used as "QNB FİNANSBANK" as of 20 October 2016 and the company name started to be used with the registration of the Genel Assembly Resolution dated 24 November 2016 on 30 November 2016. According to the decision dated 17 January 2018 which was taken by the General Assembly; The Parent Bank's trade name is changed from "FİNANS BANK A.Ş" to "QNB FİNANSBANK A.Ş" as of 19 January 2018. 99.88% of shares of Parent Bank are controlled by Qatar National Bank as of 31 December 2021 and remaining 0.12% of related shares are public shares.

50% of QNB shares, which is the first commercial bank of Qatar founded in 1964 and has been traded at Qatar Stock Exchange since 1997, are owned by Qatar Investment Authority while 50% of related shares are public shares. QNB is operating over 30 countries mainly in Middle East and North Africa Regions as well as being the biggest bank of Qatar. Also with respect to total assets, total credits and total deposits QNB is the biggest bank of Middle East and North Africa.

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

III. Information about the Chairperson and Members of Board of Directors, Members of Audit Committee, Managing Director and Executive Vice Presidents; Any Changes, and the Information about the Parent Bank Shares They Hold and Their Responsibilities

Name	Title	Date of Appointment	Education
Dr. Ömer A. Aras	Chairperson	16 April 2010	Phd
Sinan Şahinbaş	Deputy Chairperson	16 April 2010	Masters
Ali Teoman Kerman	Board Member and Head of Audit Committee	16 April 2013	Masters
Ramzi T. A. Mari	Board Member and Member of the Audit Committee	16 June 2016	Masters
Fatma Abdulla S.S. Al-Suwaidi	Board Member	16 June 2016	Masters
Durmuş Ali Kuzu	Board Member and Member of the Audit Committee	25 August 2016	Phd
Temel Güzeloğlu(*)	Board Member and General Manager	16 April 2010	Masters
Yousef Mahmoud H. N. Al-Neama	Board Member	28 May 2019	Graduate
Doç. Dr. Osman Reha Yolalan	Board Member	16 June 2016	Phd
Adel Ali M. A. Al-Malki	Board Member	28 May 2019	Graduate
Noor Mohd J. A. Al-Naimi	Board Member and Member of the Audit Committee	22 June 2017	Graduate
Adnan Menderes Yayla	Executive Vice President	20 May 2008	Masters
Köksal Çoban	Executive Vice President	19 August 2008	Masters
Dr. Mehmet Kürşad Demirkol	Executive Vice President	8 October 2010	Phd
Erkin Aydın	Executive Vice President	16 May 2011	Masters
Ömür Tan(*)	Executive Vice President	28 October 2011	Masters
Halim Ersun Bilgici	Executive Vice President	15 March 2013	Masters
Enis Kurtoğlu	Executive Vice President	14 May 2015	Masters
Murat Koraş	Executive Vice President	14 May 2015	Masters
Engin Turhan	Executive Vice President	14 June 2016	Masters
Cumhur Türkmen	Executive Vice President	11 June 2018	Graduate
Cenk Akıncılar	Executive Vice President	21 January 2019	Graduate
Burçin Dündar Tüzün	Executive Vice President	1 December 2019	Graduate
Zeynep Kulalar	Executive Vice President	1 December 2019	Graduate
Derya Düner	Executive Vice President	1 January 2020	Graduate
Ali Yılmaz	Executive Vice President	1 January 2020	Masters
Ahmet Erzengin	Head of Department of Internal Systems	12 September 2012	Graduate
Ersin Emir	Head of Internal Audit	18 February 2011	Masters
Zeynep Aydın Demirkıran	Head of Risk Management	16 September 2011	Masters

The top level management listed above possesses immaterial number of shares of the Parent Bank.

(*) Ömür Tan, who became Executive Vice President on 31 December 2021, has been appointed as a Member of the Board of Directors and General Manager as of 1 January 2022. Temel Güzeloğlu, who was a Member of the Board of Directors and General Manager at the reporting date, has been serving as a member of the Board of Directors since 1 January 2022.

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

IV. Information About the Persons and Institutions That Have Qualified Shares on the Parent Bank

Name Surname/Trade Name	Amount of Shares	Percentage of Shares	Paid-up Shares	Unpaid Shares
Qatar National Bank Q.P.S.C. ("QNB")	3,345,892	99.88%	3,345,892	-
Other	4,108	0.12%	4,108	-

V. Explanations on the Parent Bank's Services and Activities

The Parent Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets, securities operations and credit card operations. In addition, the Parent Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of 31 December 2021, the Parent Bank operates through 442 domestic (31 December 2020 - 473), 1 foreign (31 December 2020 - 1) and 1 Atatürk Airport Free Trade Zone (31 December 2020 - 1) branches. As of
31 December 2021, the Group has 12,345 employees (31 December 2020 - 11,555 employees).

VI. Current or Likely Actual or Legal Barriers to Immediate Transfer of Shareholders' Equity or Repayment of Debts Between the Parent Bank and Its Subsidiaries

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

QNB Finansbank Anonim Şirketi
Consolidated Statements of Balance Sheet - Assets (Statement of Financial Position)
For the year ended 31 December 2021

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

(Convenience translation of consolidated financial statements and related disclosures and footnotes originally issued in Turkish)

I. CONSOLIDATED BALANCE SHEET - ASSETS

		Section 5 Part I	Audited 31.12.2021 TL	Audited 31.12.2021 FC	Audited 31.12.2021 TOTAL	Audited 31.12.2020 TL	Audited 31.12.2020 FC	Audited 31.12.2020 TOTAL
I.	**FINANCIAL ASSETS (NET)**		**36,871,893**	**91,649,894**	**128,521,787**	**16,143,002**	**38,560,665**	**54,703,667**
1.1.	**Cash and Cash Equivalents**		**7,519,867**	**78,743,431**	**86,263,298**	**3,190,476**	**26,470,545**	**29,661,021**
1.1.1.	Cash and Balances with The Central Bank	(1)	7,436,280	62,858,291	70,294,571	2,505,744	24,900,717	27,406,461
1.1.2.	Banks	(3)	94,349	15,725,779	15,820,128	38,518	1,477,238	1,515,756
1.1.3.	Receivables From Money Market	(4)	-	159,508	159,508	659,782	92,610	752,392
1.1.4.	Expected Credit Losses (-)		10,762	147	10,909	13,568	20	13,588
1.2.	**Financial Assets Measured at Fair Value through Profit/Loss**	(2)	**275,004**	**499,454**	**774,458**	**290,302**	**333,073**	**623,375**
1.2.1.	Public Sector Debt Securities		118,648	64,122	182,770	204,200	87,413	291,613
1.2.2.	Equity Securities		156,356	-	156,356	86,102	-	86,102
1.2.3.	Other Financial Assets		-	435,332	435,332	-	245,660	245,660
1.3.	**Financial Assets Measured at Fair Value through Other Comprehensive Income**	(5)	**9,634,529**	**10,043,218**	**19,677,747**	**5,802,565**	**9,387,549**	**15,190,114**
1.3.1.	Public Sector Debt Securities		9,625,335	10,008,077	19,633,412	5,793,173	9,380,242	15,173,415
1.3.2.	Equity Securities		9,194	35,141	44,335	9,392	7,307	16,699
1.3.3.	Other Financial Assets		-	-	-	-	-	-
1.4.	**Derivative Financial Assets**	(12)	**19,442,493**	**2,363,791**	**21,806,284**	**6,859,659**	**2,369,498**	**9,229,157**
1.4.1.	Derivative Financial Assets at Fair Value Through Profit/Loss		16,227,512	2,219,309	18,446,821	5,716,649	2,111,822	7,828,471
1.4.2.	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		3,214,981	144,482	3,359,463	1,143,010	257,676	1,400,686
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST(NET)**		**137,049,425**	**105,153,019**	**242,202,444**	**105,753,485**	**59,312,306**	**165,065,791**
2.1.	**Loans**	(6)	**128,657,423**	**81,883,367**	**210,540,790**	**102,987,227**	**45,115,006**	**148,102,233**
2.2.	**Lease Receivables**	(11)	**2,954,638**	**7,735,110**	**10,689,748**	**2,251,723**	**4,921,075**	**7,172,798**
2.3.	**Factoring Receivables**	(7)	**2,889,195**	**921,323**	**3,810,518**	**1,872,281**	**338,166**	**2,210,447**
2.4.	**Other Financial Assets Measured at Amortized Cost**	(8)	**14,876,060**	**14,980,916**	**29,856,976**	**9,559,633**	**9,183,723**	**18,743,356**
2.4.1.	Government Debt Securities		14,876,060	14,417,974	29,294,034	9,559,633	8,621,942	18,181,575
2.4.2.	Other Financial Assets		-	562,942	562,942	-	561,781	561,781
2.5.	**Expected Credit Losses (-)**		**12,327,891**	**367,697**	**12,695,588**	**10,917,379**	**245,664**	**11,163,043**
III.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (NET)**	(15)	**-**	**-**	**-**	**-**	**-**	**-**
3.1.	Held for sale		-	-	-	-	-	-
3.2.	Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS**		**270,367**	**-**	**270,367**	**237,920**	**-**	**237,920**
4.1.	**Investment in Associates (Net)**	(9)	**14,027**	**-**	**14,027**	**14,027**	**-**	**14,027**
4.1.1.	Equity Method Associates		-	-	-	-	-	-
4.1.2.	Unconsolidated		14,027	-	14,027	14,027	-	14,027
4.2.	**Investment in Subsidiaries (Net)**		**38,046**	**-**	**38,046**	**38,038**	**-**	**38,038**
4.2.1.	Unconsolidated Financial Investments		-	-	-	-	-	-
4.2.2.	Unconsolidated Non-Financial Investments		38,046	-	38,046	38,038	-	38,038
4.3.	**Equity Under Common Control (Joint Ventures) (Net)**	(10)	**218,294**	**-**	**218,294**	**185,855**	**-**	**185,855**
4.3.1.	Equity method associates		215,494	-	215,494	183,055	-	183,055
4.3.2.	Unconsolidated		2,800	-	2,800	2,800	-	2,800
V.	**TANGIBLE ASSETS (NET)**		**3,694,478**	**37**	**3,694,515**	**3,489,129**	**56**	**3,489,185**
VI.	**INTANGIBLE ASSETS (NET)**		**648,585**	**-**	**648,585**	**520,715**	**-**	**520,715**
6.1.	Goodwill		-	-	-	-	-	-
6.2.	Others		648,585	-	648,585	520,715	-	520,715
VII.	**INVESTMENT PROPERTIES (NET)**	(13)	**-**	**-**	**-**	-	-	-
VIII.	**CURRENT TAX ASSET**		**2,040**	**-**	**2,040**	**29,628**	**-**	**29,628**
IX.	**DEFERRED TAX ASSET**	(14)	**341,690**	**-**	**341,690**	**1,034,082**	**-**	**1,034,082**
X.	**OTHER ASSETS (NET)**	(16)	**7,206,046**	**961,538**	**8,167,584**	**4,589,905**	**5,348,828**	**9,938,733**
	TOTAL ASSETS		186,084,524	197,764,488	383,849,012	131,797,866	103,221,855	235,019,721

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

QNB Finansbank Anonim Şirketi
Consolidated Statements of Balance Sheet - Liabilities (Statement of Financial Position)
For the year ended 31 December 2021

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

(Convenience translation of consolidated financial statements and related disclosures and footnotes originally issued in Turkish)

I. CONSOLIDATED BALANCE SHEET - LIABILITIES AND EQUITY

			Audited 31.12.2021			Audited 31.12.2020		
		Section 5 Part II	TL	FC	TOTAL	TL	FC	TOTAL
I.	**DEPOSITS**	**(1)**	**79,231,701**	**146,644,878**	**225,876,579**	**48,284,133**	**81,990,723**	**130,274,856**
II.	**FUNDS BORROWED**	**(3)**	**3,904,586**	**33,347,681**	**37,252,267**	**2,855,756**	**23,041,134**	**25,896,890**
III.	**MONEY MARKET BORROWINGS**	**(4)**	**2,473,437**	**15,717,177**	**18,190,614**	**4,881,720**	**10,112,950**	**14,994,670**
IV.	**SECURITIES ISSUED (NET)**	**(5)**	**6,023,724**	**23,779,092**	**29,802,816**	**2,772,537**	**11,951,421**	**14,723,958**
4.1.	Bills		6,023,724	2,154,632	8,178,356	2,561,286	829,044	3,390,330
4.2.	Asset Backed Securities		-	-	-	-	-	-
4.3.	Bonds		-	21,624,460	21,624,460	211,251	11,122,377	11,333,628
V.	**FUNDS**		**-**	**-**	**-**	**-**	**-**	**-**
5.1.	Borrowers' Funds		-	-	-	-	-	-
5.2.	Others		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS (NET)**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**		**9,160,015**	**3,623,875**	**12,783,890**	**4,766,374**	**3,390,090**	**8,156,464**
7.1.	Derivative Financial Liabilities at Fair Value Through Profit & Loss (Net)	(2)	8,982,699	2,954,958	11,937,657	4,747,273	2,502,528	7,249,801
7.2.	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(8)	177,316	668,917	846,233	19,101	887,562	906,663
VIII.	**FACTORING PAYABLES**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**LEASE PAYABLES (NET)**	**(7)**	**486,716**	**546**	**487,262**	**428,999**	**3,076**	**432,075**
X.	**PROVISIONS**	**(9)**	**1,648,376**	**25**	**1,648,401**	**1,134,132**	**-**	**1,134,132**
10.1.	Restructuring Provisions		-	-	-	-	-	-
10.2.	Reserve for Employee Benefits		1,032,218	-	1,032,218	631,149	-	631,149
10.3.	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4.	Other Provisions		616,158	25	616,183	502,983	-	502,983
XI.	**CURRENT TAX LIABILITY**	**(10)**	**167,723**	**-**	**167,723**	**1,077,742**	**-**	**1,077,742**
XII.	**DEFERRED TAX LIABILITY**		**-**	**-**	**-**	**-**	**-**	**-**
XIII.	**LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (NET)**	**(11)**	**-**	**-**	**-**	**-**	**-**	**-**
13.1.	Held for Sale		-	-	-	-	-	-
13.2.	Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(12)**	**-**	**11,852,564**	**11,852,564**	**-**	**6,704,294**	**6,704,294**
14.1.	Subordinated Loans		-	11,852,564	11,852,564	-	6,704,294	6,704,294
14.2.	Other Debt Instruments		-	-	-	-	-	-
XV.	**OTHER LIABILITIES**		**10,664,123**	**12,970,564**	**23,634,687**	**7,007,486**	**5,375,926**	**12,383,412**
XVI.	**SHAREHOLDERS' EQUITY**		**24,793,806**	**(2,641,597)**	**22,152,209**	**20,440,813**	**(1,199,585)**	**19,241,228**
16.1.	Paid-in Capital	(13)	3,350,000	-	3,350,000	3,350,000	-	3,350,000
16.2.	Capital Reserves		714	-	714	714	-	714
16.2.1.	Share Premium	(14)	714	-	714	714	-	714
16.2.2.	Share Cancellation Profits		-	-	-	-	-	-
16.2.3.	Other Capital Reserves		-	-	-	-	-	-
16.3.	Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss		(223,943)	-	(223,943)	(111,564)	-	(111,564)
16.4.	Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		678,071	(2,641,597)	(1,963,526)	120,560	(1,199,585)	(1,079,025)
16.5.	Profit Reserves		17,072,922	-	17,072,922	14,217,872	-	14,217,872
16.5.1.	Legal Reserves		757,842	-	757,842	736,513	-	736,513
16.5.2.	Status Reserves		-	-	-	-	-	-
16.5.3.	Extraordinary Reserves		16,315,080	-	16,315,080	13,481,359	-	13,481,359
16.5.4.	Other Profit Reserves		-	-	-	-	-	-
16.6.	Profit/Loss		3,906,647	-	3,906,647	2,855,050	-	2,855,050
16.6.1.	Prior Periods' Profit/Loss		-	-	-	101,267	-	101,267
16.6.2.	Current Period's Net Profit/Loss		3,906,647	-	3,906,647	2,753,783	-	2,753,783
16.7.	Minority Interest		9,395	-	9,395	8,181	-	8,181
	TOTAL LIABILITIES		**138,554,207**	**245,294,805**	**383,849,012**	**93,649,692**	**141,370,029**	**235,019,721**

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

QNB Finansbank Anonim Şirketi
Consolidated Statement of Off - Balance Sheet Commitments and Contingencies
For the year ended 31 December 2021

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

(Convenience translation of consolidated financial statements and related disclosures and footnotes originally issued in Turkish)

II. CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES

			Audited 31.12.2021			Audited 31.12.2020		
		Section 5 Part III	TL	FC	TOTAL	TL	FC	TOTAL
A.	**OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)**		**251,760,151**	**433,120,870**	**684,881,021**	**175,404,906**	**281,234,421**	**456,639,327**
I.	**GUARANTEES**	**(1), (2), (3), (4)**	**13,136,090**	**34,332,017**	**47,468,107**	**11,604,589**	**21,520,352**	**33,124,941**
1.1.	Letters of guarantee		13,000,633	17,491,611	30,492,244	11,304,977	11,362,429	22,667,406
1.1.1.	Guarantees subject to State Tender Law		553,377	133,441	686,818	474,847	84,162	559,009
1.1.2.	Guarantees given for foreign trade operations		7,284,585	17,358,170	24,642,755	6,665,357	11,278,267	17,943,624
1.1.3.	Other letters of guarantee		5,162,671	-	5,162,671	4,164,773	-	4,164,773
1.2.	Bank loans		71,783	8,635,893	8,707,676	198,490	6,640,108	6,838,598
1.2.1.	Import letter of acceptance		71,783	8,635,893	8,707,676	198,490	6,640,108	6,838,598
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		63,674	8,204,513	8,268,187	101,122	3,517,815	3,618,937
1.3.1.	Documentary letters of credit		63,674	7,424,841	7,488,515	101,122	3,315,757	3,416,879
1.3.2.	Other letters of credit		-	779,672	779,672	-	202,058	202,058
1.4.	Prefinancing given as guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Securities issue purchase guarantees		-	-	-	-	-	-
1.7.	Factoring guarantees		-	-	-	-	-	-
1.8.	Other guarantees		-	-	-	-	-	-
1.9.	Other collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**		**150,696,819**	**7,991,015**	**158,687,834**	**104,983,869**	**7,321,485**	**112,305,354**
2.1.	Irrevocable commitments	(1)	81,782,660	6,016,159	87,798,819	58,424,722	6,640,330	65,065,052
2.1.1.	Forward asset purchase commitments		1,145,232	2,908,352	4,053,584	1,358,290	3,478,001	4,836,291
2.1.2.	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4.	Loan garanting commitments		27,050,703	793,507	27,844,210	18,075,052	734	18,075,786
2.1.5.	Securities underwriting commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Payment commitment for checks		2,885,779	-	2,885,779	2,423,033	-	2,423,033
2.1.8.	Tax and fund liabilities from export commitments		29,314	-	29,314	27,046	-	27,046
2.1.9.	Commitments for credit card expenditure limits		49,733,289	-	49,733,289	35,495,520	-	35,495,520
2.1.10.	Commitments for promotions related with credit cards and banking activities		71,498	-	71,498	83,078	-	83,078
2.1.11.	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		866,845	2,314,300	3,181,145	962,703	3,161,595	4,124,298
2.2.	Revocable commitments		68,914,159	1,974,856	70,889,015	46,559,147	681,155	47,240,302
2.2.1.	Revocable loan granting commitments		68,374,855	-	68,374,855	46,090,007	-	46,090,007
2.2.2.	Other revocable commitments		539,304	1,974,856	2,514,160	469,140	681,155	1,150,295
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(5), (6)**	**87,927,242**	**390,797,838**	**478,725,080**	**58,816,448**	**252,392,584**	**311,209,032**
3.1.	Derivative financial instruments for hedging purposes		12,489,736	101,394,674	113,884,410	9,249,782	64,290,416	73,540,198

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

QNB Finansbank Anonim Şirketi
Consolidated Statement of Off - Balance Sheet Commitments and Contingencies
For the year ended 31 December 2021

(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)
(Convenience translation of consolidated financial statements and related disclosures and footnotes originally issued in Turkish)

		Section 5 Part III	Audited 31.12.2021			Audited 31.12.2020		
			TL	FC	TOTAL	TL	FC	TOTAL
3.1.1.	Fair value hedge		6,172,818	40,723,961	46,896,779	5,114,463	23,064,765	28,179,228
3.1.2.	Cash flow hedge		6,316,918	60,670,713	66,987,631	4,135,319	41,225,651	45,360,970
3.1.3.	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2.	Held for trading transactions		75,437,506	289,403,164	364,840,670	49,566,666	188,102,168	237,668,834
3.2.1.	Forward foreign currency buy/ sell transactions		7,288,292	16,053,812	23,342,104	2,110,184	8,853,435	10,963,619
3.2.1.1.	Forward foreign currency transactions-buy		6,377,847	4,862,254	11,240,101	1,676,174	3,847,001	5,523,175
3.2.1.2.	Forward foreign currency transactions-sell		910,445	11,191,558	12,102,003	434,010	5,006,434	5,440,444
3.2.2.	Swap transactions related to foreign currency and interest rates		66,545,184	268,882,455	335,427,639	45,325,821	175,291,457	220,617,278
3.2.2.1.	Foreign currency swap-buy		2,126,829	98,404,122	100,530,951	3,298,846	66,005,831	69,304,677
3.2.2.2.	Foreign currency swap-sell		37,918,755	62,467,695	100,386,450	30,615,375	40,882,956	71,498,331
3.2.2.3.	Interest rate swaps-buy		13,249,800	54,005,319	67,255,119	5,705,800	34,201,335	39,907,135
3.2.2.4.	Interest rate swaps-sell		13,249,800	54,005,319	67,255,119	5,705,800	34,201,335	39,907,135
3.2.3.	Foreign currency, interest rate and securities options		1,227,592	2,651,799	3,879,391	1,021,265	1,947,660	2,968,925
3.2.3.1.	Foreign currency options-buy		821,817	1,131,799	1,953,616	491,416	1,047,539	1,538,955
3.2.3.2.	Foreign currency options-sell		405,775	1,520,000	1,925,775	529,849	900,121	1,429,970
3.2.3.3.	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4.	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5.	Securities options-buy		-	-	-	-	-	-
3.2.3.6.	Securities options-sell		-	-	-	-	-	-
3.2.4.	Foreign currency futures		376,438	387,573	764,011	1,109,396	1,055,351	2,164,747
3.2.4.1.	Foreign currency futures-buy		361,015	18,895	379,910	172	1,055,204	1,055,376
3.2.4.2.	Foreign currency futures-sell		15,423	368,678	384,101	1,109,224	147	1,109,371
3.2.5.	Interest rate futures		-	-	-	-	-	-
3.2.5.1.	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2.	Interest rate futures-sell		-	-	-	-	-	-
3.2.6.	Other		-	1,427,525	1,427,525	-	954,265	954,265
B.	**CUSTODY AND PLEDGED ITEMS (IV+V+VI)**		**1,389,205,116**	**499,735,768**	**1,888,940,884**	**1,239,470,065**	**271,678,813**	**1,511,148,878**
IV.	**ITEMS HELD IN CUSTODY**		**242,561,027**	**26,811,981**	**269,373,008**	**314,812,461**	**15,999,495**	**330,811,956**
4.1.	Assets under management		9,104,743	9,997	9,114,740	4,313,984	25,795	4,339,779
4.2.	Investment securities held in custody		153,604,458	11,510,543	165,115,001	255,806,221	8,043,418	263,849,639
4.3.	Checks received for collection		13,107,448	3,535,033	16,642,481	7,616,483	1,484,681	9,101,164
4.4.	Commercial notes received for collection		2,363,152	1,179,744	3,542,896	2,096,904	686,232	2,783,136
4.5.	Other assets received for collection		-	-	-	-	-	-
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		64,381,226	10,576,664	74,957,890	44,978,869	5,759,369	50,738,238
4.8.	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**666,936,857**	**290,504,187**	**957,441,044**	**540,029,634**	**160,647,061**	**700,676,695**
5.1.	Marketable securities		5,098,635	18,744,531	23,843,166	4,117,442	9,531,425	13,648,867
5.2.	Guarantee notes		538,348	602,312	1,140,660	380,407	590,933	971,340
5.3.	Commodity		521,666	-	521,666	490,115	-	490,115
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		130,004,304	146,855,545	276,859,849	106,976,494	82,931,319	189,907,813
5.6.	Other pledged items		530,773,904	124,301,799	655,075,703	428,065,176	67,593,384	495,658,560
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		**479,707,232**	**182,419,600**	**662,126,832**	**384,627,970**	**95,032,257**	**479,660,227**
	TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		**1,640,965,267**	**932,856,638**	**2,573,821,905**	**1,414,874,971**	**552,913,234**	**1,967,788,205**

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

QNB Finansbank Anonim Şirketi
Consolidated Statement of Profit or Loss
For the year ended 31 December 2021

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

(Convenience translation of consolidated financial statements and related disclosures and footnotes originally issued in Turkish)

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Section 5 Part IV	Audited 01.01 - 31.12.2021	Audited 01.01 - 31.12.2020
I.	**INTEREST INCOME**	**(1)**	**26,917,067**	**17,715,908**
1.1.	Interest income on loans		20,108,892	13,712,583
1.2.	Interest income on reserve deposits		447,034	47,326
1.3.	Interest income on banks		53,333	99,777
1.4.	Interest income on money market transactions		70,409	198,918
1.5.	Interest income on securities portfolio		4,752,529	2,817,952
1.5.1.	Financial assets measured at FVTPL		26,533	28,916
1.5.2.	Financial assets measured at FVOCI		1,899,478	1,118,543
1.5.3.	Financial assets measured at amortized cost		2,826,518	1,670,493
1.6.	Financial lease income		853,316	595,737
1.7.	Other interest income		631,554	243,615
II.	**INTEREST EXPENSE (-)**	**(2)**	**14,082,721**	**7,440,458**
2.1.	Interest on deposits		8,895,044	4,207,905
2.2.	Interest on funds borrowed		1,966,188	1,416,198
2.3.	Interest on money market transactions		1,321,703	498,781
2.4.	Interest on securities issued		1,790,883	1,091,416
2.5.	Interest on leases		61,052	53,928
2.6.	Other interest expenses		47,851	172,230
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**12,834,346**	**10,275,450**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**3,681,746**	**2,601,042**
4.1.	Fees and commissions received		4,767,706	3,172,963
4.1.1.	Non-cash loans		268,526	196,578
4.1.2.	Others		4,499,180	2,976,385
4.2.	Fees and commissions paid (-)		1,085,960	571,921
4.2.1.	Non-cash loans		3,693	2422
4.2.2.	Others		1,082,267	569,499
V.	**DIVIDEND INCOME**	**(3)**	**1,305**	**5,257**
VI.	**NET TRADING INCOME/LOSS (NET)**	**(4)**	**(3,208,946)**	**(2,558,740)**
6.1.	Trading account gain/losses		180,869	333,094
6.2.	Gain/losses from derivative transactions		(6,500,905)	(3,210,586)
6.3.	Foreign exchange gain/losses		3,111,090	318,752
VII.	**OTHER OPERATING INCOME**	**(5)**	**483,880**	**82,214**
VIII.	**TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII+VIII)**		**13,792,331**	**10,405,223**
IX.	**EXPECTED CREDIT LOSSES (-)**	**(6)**	**3,311,372**	**2,529,981**
X.	**OTHER PROVISION EXPENSES (-)**		**175,967**	**142,299**
XI.	**PERSONEL EXPENSES**		**2,340,253**	**2,029,196**
XII.	**OTHER OPERATING EXPENSES**	**(7)**	**2,937,412**	**2,421,309**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**5,027,327**	**3,282,438**
XIV.	**INCOME RESULTED FROM MERGERS**		**-**	**-**
XV.	**INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING**		**107,822**	**98,258**
XVI.	**GAIN/LOSS ON NET MONETARY POSITION**		**-**	**-**
XVII.	**OPERATING PROFIT/LOSS BEFORE TAXES (XII+...+XV)**	**(8)**	**5,135,149**	**3,380,696**
XVIII.	**PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)**	**(9)**	**1,227,288**	**626,069**
18.1.	Carrent tax charge		278,506	1,175,488
18.2.	Deferred tax charge (+)		1,617,451	21,708
18.3.	Deferred tax credit (-)		(668,669)	(571,127)
XIX.	**NET OPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)**	**(10)**	**3,907,861**	**2,754,627**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		**-**	**-**
20.1.	Income from assets held for sale		-	-
20.2.	Income from sale of associates, subsidiaries and joint-ventures		-	-
20.3.	Others		-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		**-**	**-**
21.1.	Expenses on assets held for sale		-	-
21.2.	Expenses on sale of associates, subsidiaries and joint-ventures		-	-
21.3.	Others		-	-
XXII.	**PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX+XX)**		**-**	**-**
XXIII.	**PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)**		**-**	**-**
23.1.	Current tax charge		-	-
23.2.	Deferred tax charge (+)		-	-
23.3.	Deferred tax credit (-)		-	-
XXIV.	**NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXI±XXII)**		**-**	**-**
XXV.	**NET PROFIT/LOSS (XVIII+XXIII)**	**(11)**	**3,907,861**	**2,754,627**
25.1.	Group's profit/loss		3,906,647	2,753,783
25.2.	Minority interest		1,214	844
	Earnings Per Share		0,11662	0,08220

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

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

IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Audited 01.01 - 31.12.2021	Audited 01.01 - 31.12.2020
I.	**CURRENT PERIOD PROFIT/LOSS**	**3,907,861**	**2,754,627**
II.	**OTHER COMPREHENSIVE INCOME**	**(996,880)**	**(278,707)**
2.1.	**Other Income/Expense Items not to be Reclassified to Profit or Loss**	**(112,379)**	**(35,224)**
2.1.1.	Revaluation Surplus on Tangible Assets	-	-
2.1.2.	Revaluation Surplus on Intangible Assets	-	-
2.1.3.	Defined Benefit Plans' Actuarial Gains/Losses	(140,736)	(42,130)
2.1.4.	Other Income/Expense Items not to be Reclassified to Profit or Loss	-	-
2.1.5.	Deferred Taxes on Other Comprehensive Income not to be Reclassified to Profit or Loss	28,357	6,906
2.2.	**Other Income/Expense Items to be Reclassified to Profit or Loss**	**(884,501)**	**(243,483)**
2.2.1.	Translation Differences	-	-
2.2.2.	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(1,392,805)	(245,822)
2.2.3.	Gains/losses from Cash Flow Hedges	280,271	(30,174)
2.2.4.	Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5.	Other Income/Expense Items to be Reclassified to Profit or Loss	-	-
2.2.6.	Deferred Taxes on Other Comprehensive Income to be Reclassified to Profit or Loss	228,033	32,513
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**2,910,981**	**2,475,920**

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

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Comprehensive Income/ Expense Items not to be Recycled to Profit or Loss: Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/ Losses	Others(*)
	Prior Period - 01.01 - 31.12.2020								
I.	**Balances at Beginning of Period**		**3,350,000**	**714**	**-**	**-**	**-**	**(76,340)**	**101,267**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**(101,267)**
2.1.	Effect of Corrections		-	-	-	-	-	-	(101,267)
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		**3,350,000**	**714**	**-**	**-**	**-**	**(76,340)**	**-**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**-**	**(35,224)**	**-**
V.	**Capital Increase in Cash**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
VI.	**Capital Increase from Internal Sources**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Convertible Bonds**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Subordinated Liabilities**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
X.	**Others Changes**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
XI.	**Profit Distribution**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
11.1.	Dividends		-	-	-	-	-	-	-
11.2.	Transfers to Reserves		-	-	-	-	-	-	-
11.3.	Others		-	-	-	-	-	-	-
	Balances at end of the period (III+IV+……+X+XI)		**3,350,000**	**714**	**-**	**-**	**-**	**(111,564)**	**-**

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

Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
Translation Differences	**Income/Expenses from Valuation and/ or Reclassification of Financial Assets Measured at FVOCI**	**Others[**]**	**Profit Reserves**	**Prior Periods' Profit/ Loss**	**Current Period's Net Profit/ Loss**	**Shareholders' Equity Before Minority Interest**	**Minority Interest**	**Total Shareholders' Equity**
-	**(269,687)**	**(565,855)**	**11,353,778**	**-**	**2,864,094**	**16,757,971**	**7,337**	**16,765,308**
-	**-**	**-**	**-**	**101,267**	**-**	**-**	**-**	**-**
-	-	-	-	101,267	-	-	-	-
-	-	-	-	-	-	-	-	-
-	**(269,687)**	**(565,855)**	**11,353,778**	**101,267**	**2,864,094**	**16,757,971**	**7,337**	**16,765,308**
-	**(206,205)**	**(37,278)**	**-**	**-**	**2,753,783**	**2,475,076**	**844**	**2,475,920**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	**-**	**-**	**2,864,094**	**-**	**(2,864,094)**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-
-	-	-	2,864,094	-	(2,864,094)	-	-	-
-	-	-	-	-	-	-	-	-
-	**(475,892)**	**(603,133)**	**14,217,872**	**101,267**	**2,753,783**	**19,233,047**	**8,181**	**19,241,228**

QNB Finansbank Anonim Şirketi
Consolidated Statement of Changes in Shareholders' Equity for the Year Ended Period
For the year ended 31 December 2021

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

(Convenience translation of consolidated financial statements and related disclosures and footnotes originally issued in Turkish)

		Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss: Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others(*)
	Current Period - 01.01 - 31.12.2021								
I.	**Balances at Beginning of Period**		**3,350,000**	**714**	**-**	**-**	**-**	**(111,564)**	**-**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1.	Effect of Corrections		-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		**3,350,000**	**714**	**-**	**-**	**-**	**(111,564)**	**-**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**-**	**(112,379)**	**-**
V.	**Capital Increase in Cash**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
VI.	**Capital Increase from Internal Sources**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Convertible Bonds**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Subordinated Liabilities**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
X.	**Others Changes**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
XI.	**Profit Distribution**		**-**	**-**	**-**	**-**	**-**	**-**	**-**
11.1.	Dividends		-	-	-	-	-	-	-
11.2.	Transfers to Reserves		-	-	-	-	-	-	-
11.3.	Others		-	-	-	-	-	-	-
	Balances at end of the period (III+IV+......+X+XI)		**3,350,000**	**714**	**-**	**-**	**-**	**(223,943)**	**-**

(*) Accumulated amounts of share of investments accounted for by the equity method that can not be classified as profit / loss from other comprehensive income with other comprehensive income that will not be reclassified to other profit or loss.

(**) Accumulated amount of cash flow hedge gains / losses, equity attributable to equity holders of the Group for profit or loss from other comprehensive income and other comprehensive income to be reclassified to other profit or loss.

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

Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
Translation Differences	Income/Expenses from Valuation and/ or Reclassification of Financial Assets Measured at FVOCI	Others(**)	Profit Reserves	Prior Periods' Profit/ Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity
-	(475,892)	(603,133)	14,217,872	101,267	2,753,783	19,233,047	8,181	19,241,228
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(475,892)	(603,133)	14,217,872	101,267	2,753,783	19,233,047	8,181	19,241,228
-	(1,107,636)	223,135	-	-	3,906,647	2,909,767	1,214	2,910,981
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	2,855,050	(101,267)	(2,753,783)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	2,855,050	(101,267)	(2,753,783)	-	-	-
-	-	-	-	-	-	-	-	-
-	(1,583,528)	(379,998)	17,072,922	-	3,906,647	22,142,814	9,395	22,152,209

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

VI. CONSOLIDATED CASH FLOW STATEMENT

		Section 5 Part VI	Audited 01.01 - 31.12.2021	Audited 01.01 - 31.12.2020
A.	**CASH FLOWS FROM / (TO) BANKING OPERATIONS**			
1.1.	**Operating Profit Before Changes in Operating Assets and Liabilities (+)**		**9,986,046**	**11,616,021**
1.1.1.	Interest received		25,054,667	16,125,355
1.1.2.	Interest paid		(15,761,881)	(6,961,676)
1.1.3.	Dividend received		1,305	5,257
1.1.4.	Fees and commissions received		4,769,118	3,191,815
1.1.5.	Other income		483,880	82,214
1.1.6.	Collections from previously written off loans		2,119,294	1,581,512
1.1.7.	Payments to personnel and service suppliers		(2,232,334)	(2,045,956)
1.1.8.	Taxes paid		(2,334,344)	44,487
1.1.9.	Other		(2,113,659)	(406,987)
1.2.	**Changes in Assets and Liabilities**		**6,412,248**	**(8,659,897)**
1.2.1.	Net (increase)/decrease in financial assets measured at fair value through profit/loss		(854,483)	(243,915)
1.2.2.	Net (increase)/decrease in due from banks		(24,803,607)	(5,543,606)
1.2.3.	Net (increase)/decrease in loans		(32,516,803)	(19,678,277)
1.2.4.	Net (increase)/decrease in other assets		3,360,662	(3,508,168)
1.2.5.	Net increase/(decrease) in bank deposits		12,179,425	(864,560)
1.2.6.	Net increase/(decrease) in other deposits		39,949,184	12,514,739
1.2.7.	Net (increase)/decrease in financial liabilities measured at fair value through profit and loss		-	-
1.2.8.	Net increase/(decrease) in funds borrowed		(3,668,039)	1,254,850
1.2.9.	Net increase/(decrease) in matured payables		-	-
1.2.10.	Net increase/(decrease) in other liabilities		12,765,909	7,409,040
I.	**Net Cash Provided from Banking Operations (+/-)**		**16,398,294**	**2,956,124**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net Cash Provided from/(Used In) Investing Activities (+/-)**		**(4,031,648)**	**(1,471,636)**
2.1.	Purchase of entities under common control, associates and subsidiaries		-	-
2.2.	Sale of entities under common control, associates and subsidiaries		-	-
2.3.	Fixed assets purchases		(790,676)	(644,336)
2.4.	Fixed assets sales		129,974	139,188
2.5.	Purchase of financial assets measured at fair value through other comprehensive income		(10,448,300)	(11,982,290)
2.6.	Sale of financial assets measured at fair value through other comprehensive income		10,317,576	11,307,390
2.7.	Purchase of Financial Assets Measured at Amortized Cost		(5,543,887)	(2,333,458)
2.8.	Sale of Financial Assets Measured at Amortized Cost		2,609,710	2,260,925
2.9.	Other		(306,045)	(219,055)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided from/(Used In) Financing Activities**		**15,202,991**	**198,848**
3.1.	Cash obtained from funds borrowed and securities issued		27,584,977	15,206,569
3.2.	Cash used for repayment of funds borrowed and securities issued		(12,376,809)	(14,948,681)
3.3.	Capital increase		-	-
3.4.	Dividends paid		-	-
3.5.	Payments for finance leases		-	(59,040)
3.6.	Other		(5,177)	-
IV.	**Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents (+/-)**		**4,346,096**	**(615,145)**
V.	**Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)**		**31,915,733**	**1,068,191**
VI.	**Cash and Cash Equivalents at the Beginning Of The Period (+)**		**15,883,101**	**14,814,910**
VII.	**Cash and Cash Equivalents at End of the Period (V+VI)**		**47,798,834**	**15,883,101**

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

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

VII. CONSOLIDATED PROFIT APPROPRIATION STATEMENT(*)

		Audited Current Period 31.12.2021(**)	Audited Prior Period 31.12.2020
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1.	CURRENT YEAR INCOME	4,989,941	2,999,429
1.2.	TAXES AND DUTIES PAYABLE	1,061,827	512,420
1.2.1.	Corporate Tax (Income Tax)	8,528	1,055,958
1.2.2.	Income Withholding Tax	-	-
1.2.3.	Other Taxes And Duties	1,053,299	(543,538)
A.	**NET INCOME FOR THE YEAR (1.1-1.2)**	**3,928,114**	**2,487,009**
1.3.	PRIOR YEAR LOSSES (-)	-	(101,267)
1.4.	FIRST LEGAL RESERVES (-)	-	-
1.5.	OTHER STATUTORY RESERVES (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**	**3,928,114**	**2,588,276**
1.6.	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1.	To Owners Of Ordinary Shares	-	-
1.6.2.	To Owners Of Privileged Shares	-	-
1.6.3.	To Owners Of Preferred Shares	-	-
1.6.4.	To Profit Sharing Bonds	-	-
1.6.5.	To Holders Of Profit And (Loss) Sharing Certificates	-	-
1.7.	DIVIDENDS TO PERSONNEL (-)	-	-
1.8.	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9.	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1.	To Owners Of Ordinary Shares	-	-
1.9.2.	To Owners Of Privileged Shares	-	-
1.9.3.	To Oweners Of Preferred Shares	-	-
1.9.4.	To Profit Sharing Bonds	-	-
1.9.5.	To Holders Of Profit And (Loss) Sharing Certificates	-	-
1.10.	SECOND LEGAL RESERVES (-)	-	-
1.11.	STATUTORY RESERVES (-)	-	-
1.12.	EXTRAORDINARY RESERVES	-	-
1.13.	OTHER RESERVES	-	-
1.14.	SPECIAL FUNDS		-
II.	**DISTRIBUTION OF RESERVES**		
2.1.	APPROPRIATED RESERVES	-	-
2.2.	SECOND LEGAL RESERVES (-)	-	-
2.3.	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1.	To Owners Of Ordinary Shares	-	-
2.3.2.	To Owners Of Privileged Shares	-	-
2.3.3.	To Oweners Of Preferred 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	0,1173	0,0742
3.2.	TO OWNERS OF ORDINARY SHARES (%)	11.73%	7.42%
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 (%)	-	-

(*) Profit Appropriation Statement has been prepared according to unconsolidated financial statements of the Parent Bank.

(**) Decision regarding the profit distribution for the 2021 will be taken at the General Meeting.

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

1. Preparation of the consolidated financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents

The Bank prepared the accompanying consolidated financial statements regarding to the Banking Law No,5411 "Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents", dated 1 November 2006 which is published in the Official Gazette No: 26333, which refers to "Turkish Accounting Standards" ("TAS"), put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"), and "Turkish Financial Reporting Standards" ("TFRS") issued by the "Turkish Accounting Standards Board" ("TASB") and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the Banking Regulation and Supervision Agency ("BRSA") and in case where a specific regulation is not made by BRSA, the format and detail 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". Consolidated financial statements and the related disclosures and footnotes have been presented in thousands of Turkish Lira unless otherwise specified. The amounts expressed in foreign currency, is indicated by the full amount.

Explanation For Convenience Translation to English

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS. Consolidated financial statements and the related disclosures and footnotes have been presented in thousands of Turkish Lira unless otherwise specified. The amounts expressed in foreign currency, is indicated by the full amount.

2. Accounting policies and valuation principles used in the preparation of the consolidated financial statements

Accounting policies and valuation principles used in the preparation of the consolidated financial statements are determined and applied, 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 are consistent with the accounting policies applied in the annual financial statements prepared for the year ended 31 December 2020.

The accounting policies and valuation principles related with current and prior period are explained in Notes II to XXVII below.

Consolidated financial statements are prepared in TL accordance with the historical cost basis except for financial instruments measured at fair value through profit/loss, financial assets measured at fair value through other comprehensive income, derivative financial assets and liabilities. In addition, carrying value of assets subject to fair value hedge but are carried at historical cost is adjusted to reflect fair value changes related to risks being hedged.

The preparation of consolidated financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Parent Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent matters as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement.

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

Since it is aimed to update the most recent financial information in the interim financial statements prepared as of 31 December 2021, considering the magnitude of the economic changes due to COVID-19, the Bank made certain estimates in the calculation of expected credit losses and disclosed them in footnote numbered VIII "Explanations on Expected Provisions for Losses". In the upcoming periods, the Bank will update its relevant assumptions as necessary and revise the realizations of past estimates. Also, COVID-19 effects of the following articles III "Information on Associates and Subsidiaries and Entities Under Common Control" and XV "Explanations on Leasing Transactions" disclosed in footnotes too.

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

In TAS 29 Financial Reporting Standard in Hyperinflationary Economies ("TAS 29"), the threshold value to be taken as a basis for determining whether there is hyperinflation in an economy by considering the economies with high inflation and the financial statements of the enterprises whose functional currency is the currency of a hyperinflationary economy are related to inflation. explains how to fix it. In paragraph 3 of TAS 29, it is stated that there is high inflation in an economy when the cumulative inflation rate of the last three years approaches or exceeds 100%. However, it is stated in paragraph 37 of TAS 29 that a price index reflecting the changes in general purchasing power should be used in determining the threshold value. In international practices, the consumer price index is taken as the general price index reflecting the changes in purchasing power. In other words, according to the 37th paragraph of the relevant Standard, businesses that apply TFRS should also take the CPI ratios reflecting the changes in their general purchasing power as a basis in terms of whether they will apply TAS 29. According to the CPI rates announced by the Turkish Statistical Institute, the cumulative change in the general purchasing power of the last three years has been 74.41%. In this respect, the Public Oversight Authority, in its statement on the Application of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises on 20 January 2022, did not include any financial statements within the scope of TAS 29 for 2021 in the financial statements of companies applying TFRS. indicated that no correction was necessary.

2.1. Changes in Accounting policies and disclosures

In its accompanying unconsolidated financial statements, the Group announced the Phase 1 amendments to TFRS 9, TAS 39 and TFRS 7 within the scope of the Indicative Interest Rate Reform published by the Public Oversight Authority ("POA") in the Official Gazette dated 14 December 2019 and numbered 30978. It has been implemented since 1 January 2020.

In 2020, the International Accounting Standards Board and KGK published Phase 2 standards regarding the reform and related amendments to TFRS 9, TMS 39, TFRS 7, TFRS 4 and TFRS 16. According to this; As of 1 January 2022, necessary changes/transitions regarding reference interest rates should be completed.

Within the scope of the said reform; The Bank has operations in the field of loans, securities, borrowing and derivative products, as well as hedge accounting applications. With this; A significant portion of bank transactions are indexed to EURIBOR and USD LIBOR reference interest rates, and EURIBOR continues to be used after the transition. And also; It is anticipated that USD LIBOR rates will continue to be published overnight in 1M, 3M, 6M and 1Y grades until June 2023.

Considering the published standards and the Group's portfolio of products under the reform, the benchmark interest rate reform does not have a significant impact on financial reports.

Current Period	Derivative	Non-Derivative Financial Instruments
USD LIBOR	119,086,162	31,030,011
Hedge Accounting Instruments	64,743,012	-
Total	**183,829,174**	**31,030,011**

Prior Period	Derivative	Non-Derivative Financial Instruments
USD LIBOR	68,181,584	18,137,623
Hedge Accounting Instruments	37,931,698	-
Total	**106,113,282**	**18,137,623**

II. Strategy for the Use of Financial Instruments and the Foreign Currency Transactions

1. Strategy for the use of financial instruments

The major funding sources of the Parent Bank are customer deposits, bond issues and funds borrowed from international markets. The customer deposits bear a fixed interest rate and have an average maturity of 1-3 months in line with the sector. Domestic bond issues are realized within the maturity of 3 months and foreign bond issues are based on long maturities with fixed interests. Funds borrowed from abroad mostly bear floating rates and are reprised at an average period of 3-6 months. The Parent Bank diverts its placements to assets with high return and sufficient collaterals. The Parent Bank manages the liquidity structure to meet its liabilities when due by diversifying the funding sources and keeping sufficient cash and cash equivalents. The maturity of fund sources and maturity and yield of placements are considered to the extent possible within the current market conditions and a higher return on long-term placements is aimed.

Besides customer deposits, the Parent Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets.

The Parent Bank converts the foreign currency liquidity obtained from the international markets to TL liquidity using long term swap transactions (fixed TL interest rate and floating FC interest rate). Thus, the Parent Bank generates TL denominated resources for funding long term loans with fixed interest rates.

The Parent Bank has determined securities portfolio limits based on the market risk limitations for money, capital and commodity markets. Products included in the securities portfolio are subject to position and risk limits. Position limits restrict the maximum nominal position based on the product. Risk limits are expressed in terms of "Value at Risk (VAR)" by taking risk tolerance as a cap. The maximum VAR amounts are determined by interest and currency risk factors, which affect the securities portfolio that is subject to market risk, as well as determining the risk tolerance based on the total value at risk. The above mentioned limits are revised annually.

The strategies for hedging exchange rate risk resulting from the Group's foreign currency debt securities which are categorized as financial assets at fair value through other comprehensive income explained in foreign currency risk section and the applications regarding the cash flow hedging of interest rate cash flow risk resulting from deposits are explained in the Interest Rate Risk section in detail.

Hedging strategies for foreign exchange risk resulting from other foreign currency transactions are explained in the foreign currency risk section.

2. Foreign currency transactions

2.1. Foreign currency exchange rates used in converting transactions denominated in foreign currencies and presentation of them in the financial statements

The Group accounts for the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from transactions that are completed.

As of 31 December 2020, are translated to TL by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TL by using foreign currency exchange rates of the Parent Bank for the period end and the resulting exchange differences are recorded as foreign exchange gains and losses. Foreign currency nonmonetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement.

2.2. Total exchange rate differences that are included in net profit or loss for the year

The foreign currency position of the Parent Bank and the profit / loss from the foreign exchange transactions realized are included in the income statement of foreign exchange gains / losses and income/losses from derivative financial instruments in the income statement. While gain / loss from spot foreign exchange transactions are included in the profit / loss item of foreign exchange gain / loss on balance sheet, profit / loss from derivative transactions (forward, option etc.) for the purpose of hedging related transactions are included in income / loss statement of derivative financial instruments. Therefore, in order to determine the net profit / loss effects of foreign exchange transactions, two balances should be assessed together. As of 31 December 2021, derivative financial transactions loss amounting to TL6,500,905 (31 December 2020 - TL3,210,586 derivative financial transactions loss) from the total foreign exchange profit amounting to TL3,111,090 (31 December 2020 - TL318,752 foreign exchange profit) Excluding the net interest expense amounting to TL4,684,038 (31 December 2020 - TL3,172,200) arising from derivative transactions, the net profit on foreign exchange transactions is TL1,294,223 (31 December 2020 - TL280,366 net foreign currency transaction profit).

2.3. Foreign associates

None.

III. Information on Associates, Subsidiaries and Entities Under Common Control

The accompanying consolidated financial statements are prepared in accordance with TFRS 10 "Turkish Financial Reporting Standard in regards to Consolidated Financial Statements" and BRSA's "Regulation on Preparation of Consolidated Financial Statements of Banks" published on the Official Gazette numbered 26340 and dated 8 November 2006.

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

The corporations included in consolidation and their places of incorporation, nature of activities and shareholding percentages are as follows:

	Consolidation Method	Place of Establishment	Subject of Operations	Effective Share of the Group (%)	
				31 December 2021	31 December 2020
1. QNB Finans Yatırım Menkul Değerler A.Ş. (Finans Yatırım)	Full consolidation	Turkey	Securities Intermediary Services	100.00	100.00
2. QNB Finans Portföy Yönetimi A.Ş. (Finans Portföy)	Full consolidation	Turkey	Portfolio Management	100.00	100.00
3. QNB Finans Finansal Kiralama A.Ş. (Finans Leasing)	Full consolidation	Turkey	Financial Leasing	99.40	99.40
4. QNB Finans Faktoring A.Ş. (Finans Faktoring)	Full consolidation	Turkey	Factoring Services	100.00	100.00
5. QNB Finans Varlık Kiralama Şirketi A.Ş.	Full consolidation	Turkey	Asset Lease	100.00	100.00
6. Cigna Sağlık, Hayat ve Emeklilik A.Ş.	Equity Method	Turkey	Private Pension and Insurance	49.00	49.00

Subsidiaries maintain their books of accounts and prepare their financial statements in accordance with the regulations on accounting and reporting framework and accounting standards which are determined by the accounting standards promulgated by the Turkish Commercial Code, Financial Leasing Law and Turkish Capital Markets Board (“CMB”) regulations. Certain adjustments and reclassifications were made on the financial statements of the subsidiaries for the purpose of fair presentation in accordance with the prevailing regulations and accounting standards according to regulations, communiqués, 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, in accordance with Turkish Accounting Standards (“TMS”) and Turkish Financial Reporting Standards (“TFRS”) and related additions and interpretations published by Public Accounting and Auditing Oversight Authority (“KGK”).

Differences between the accounting policies of subsidiaries and entities under common control and those of the Parent Bank are adjusted, if material. The financial statements of the subsidiaries and entities under common control are prepared as of 31 December 2021.

1. Subsidiaries

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Parent Bank’s returns.

Subsidiaries are consolidated using the full consolidation method based on the size of their asset equity, and result of operations. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Parent Bank and are put out of consolidation’s scope as soon as control is removed. Accounting policies applied by subsidiaries that are included in consolidated financial statements are not different from the Parent Bank’s accounting policies.

According to full consolidation method, 100% of subsidiaries’ asset, liability, income, expense and off balance sheet items are consolidated with the Parent Bank’s asset, liability, income, expense and off balance sheet items. Book value of the Group’s investment in each subsidiary is netted off with Group’s equity shares. Unrealized gains and losses and balances that arise due to transactions between subsidiaries within consolidation scope, have been net off. Non-controlling interests are shown separately from earnings per share on consolidated balance sheet and income statement.

2. Associates and entities under common control

The Parent Bank does not have any financial associates that are consolidated in the accompanying financial statements.

The joint venture is established locally, has its primary operations in private pension and insurance, is controlled jointly with another group with a partnership agreement, and is included in Parent Bank’s capital. Subject joint venture is included in consolidated financial statements by using equity method.

Equity method is a method of accounting whereby the book value of the investor’s share capital in the subsidiary or the joint venture is either added to or subtracted in proportion with investor’s share from the change in the subsidiary’s or joint venture’s equity within the period. The method also foresees that profit will be deducted from the subsidiary’s or joint venture’s accordingly recalculated value.

IV. Explanations on Derivative Financial Assets and Liabilities

The Group enters into forward currency purchase/sale agreements and swap transactions to reduce the foreign currency risk and interest rate risk and manage foreign currency liquidity risk. The Group also carries out currency and interest options and credit default swap and futures agreements.

Besides customer deposits, the Parent Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Parent Bank converts the foreign currency liquidity obtained from customer deposits and the international markets to TL liquidity with long term swap transactions (fixed TL interest rate and floating FC interest rate). Therefore, the Parent Bank not only funds its long term fixed interest rate loans with TL but also hedges itself against interest rate risk.

The Parent Bank's derivative instruments held for trading and derivative instruments hedging purpose are classified, measured and accounted in accordance with "TFRS 9" and TAS 39 "Financial Instruments: Recognition and Measurement", respectively. Derivative instruments held for trading and derivative instruments hedging purpose are initially recognized at fair value and subsequently measured at fair value. Also, the liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values. The derivative transactions are accounted for at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets at Fair Value Through Profit/Loss "," Derivative Financial Liabilities at Fair Value Through Profit & Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income" and "Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income" items of the balance sheet depending on the resulting positive or negative amounts of the computed value. These amounts of derivative transactions presented on the balance sheet, represent the fair value differences based on the valuation.

Fair values of foreign currency purchase and sales contracts, currency and interest rate swap transactions are calculated by using internal pricing models based on market data.

Fair values of option contracts are calculated with option pricing models.

Futures transactions are accounted for at settlement as of the balance sheet date.

The Parent Bank does not have either any hybrid contract contains a host that is not an asset within the scope of this standard or a financial instrument which shall be separated from the host and accounted for as derivative under this standard.

Credit derivatives are capital market tools designed to transfer credit risk from one party to another. The Parent Bank's credit derivatives portfolio included in the off-balance sheet accounts composes of credit default swaps resulted from protection buying or selling.

Credit default swap is a contract, in which the protection seller commits to pay the protection value to the protection buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract. Credit default swaps are valued daily at their fair values.

Upon valuation of derivative instruments that are not subject to hedge accounting, differences in fair value, except for currency revaluation differences, are recorded in the income statement on Gains/Losses from Derivative transactions. These foreign currency valuation differences are accounted for under "Foreign Exchange Gains/Losses" account.

In cash flow hedge accounting:

The Parent Bank applies cash flow hedge accounting using interest swap transactions to hedge its TL and FC customer deposits with short term cyclical basis and subordinated loans and loans with floating rate financial receivables which have floating interest payment. The Parent Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss" whereas the amount concerning ineffective parts is associated with the income statement.

QNB Finans Finansal Kiralama AŞ., the subsidiary of the Parent Bank, applies cash flow hedge accounting through interest rate swaps to hedge itself against changes floating rate foreign currency borrowings and floating rates TL securities.

In cash flow hedge accounting, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked; the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized.

In fair value hedge accounting:

The Parent Bank applies fair value hedge accounting within the framework of TAS 39 using swaps to hedge a portion of its long term, fixed rate mortgage and project finance loans against possible fair value change due to market interest rate fluctuations.

The Parent Bank applies fair value hedge accounting using FX swaps to hedge long term, fixed rate, foreign currency Eurobonds in financial assets measured at fair value through other comprehensive portfolio against interest rate fluctuations.

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term TL government bonds with fixed coupon payment in financial assets measured at fair value through other comprehensive income portfolio using swap transactions as hedging instruments.

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued using interest rate swap transactions as hedging instruments.

QNB Finans Finansal Kiralama AŞ., the subsidiary of the Parent bank, applies fair value hedge accounting to hedge itself against changes in interest rates related to fixed rate TL securities issued.

The Parent Bank applies fair value hedge accounting through interest rate swaps to hedge itself against changes in the interest rates related to foreign currency borrowings.

QNB Finans Finansal Kiralama AŞ., the subsidiary of the Parent bank, applies fair value hedge accounting through interest rate swaps to hedge itself against changes in interest rates related to TL borrowings.

QNB Finans Finansal Kiralama A.Ş., the subsidiary of the Parent Bank issues securities, uses loan and financial through swaps, in order to hedge itself against changes in interest and exchange rates regarding lease receivables .

Fair value hedge accounting effects are accounted under “Derivative Financial Transactions Profit / Loss from Derivative Financial Transactions” in the statement of profit or loss. QNB Finans Finansal Kiralama A.Ş., the subsidiary, conducts efficiency tests on every balance sheet date for transactions where fair value hedge accounting is applied.

QNB Finans Finansal Kiralama A.Ş., the subsidiary, conducts cash flow hedge accounting transactions effectiveness tests on every balance sheet date, the active segments are as defined in TAS 39 accounted in line with under Equity, “Reclassification of Accumulated Other Comprehensive Income and Expense in Profit or Loss” in financial statements and the amount related to the inactive part is associated with income statement.

At each balance sheet date the Parent Bank and QNB Finans Finansal Kiralama AŞ., the subsidiary of the Parent Bank, apply effectiveness tests for fair value hedge accounting.

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked, adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges. In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in income statement.

As of 30 September 2018, the Bank terminated the hedge accounting for the fair value hedge of the fair value risk arising from the changes in the exchange rates for the real estates purchased in previous periods in foreign currency and the fair value of which is in foreign currency in the market. Fair value exchange difference adjustment amounting to TL1,170,135 which is shown in tangible assets in the balance sheet, is amortized over the economic life of the property subject to hedging.

V. Explanations on Interest Income and Expenses

Interest income is recorded according to the effective interest rate method (Rate equal to net present value of future cash flows of financial assets or liabilities) defined in the TFRS 9 “Financial Instruments” standard by applying the effective interest rate to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. When applying the effective interest rate method, an entity identifies fees that are an integral part of the effective interest rate of a financial instrument. Fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value being recognized in profit or loss.

When applying the effective interest method, The Parent Bank amortized any fees, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate over the expected life of the financial instrument. In case an interest was accrued on a security before its acquisition, the collected interest is divided into two parts as interest before and after the acquisition and only the interest of the period after the acquisition is recorded as interest income in the financial statements. If the expectation for the cash flows from financial asset is revised for reasons other than the credit risk, the change is reflected in the carrying amount of asset and in the related statement of profit or loss line and is amortized over the estimated life of financial asset.

If the financial asset is impaired and classified as a non-performing receivable, the Parent Bank applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. It is used effective interest rate during calculation of loss given default rate in expected credit loss models and accordingly, the calculation of expected credit losses includes an interest amount. Therefore, a reclassification is made between the accounts of “Expected Credit Losses” and “Interest Income From Loans” for such calculated amount.

VI. Explanations on Fees and Commission Income and Expenses

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period. The income derived from agreements or asset purchases from real-person or corporate third parties are recognized as income when realized.

VII. Explanations and Disclosures on Financial Instruments

Initial recognition of financial instruments

The Parent Bank shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of TFRS 15 Revenue from contracts with customers, at initial recognition, the Parent Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification of financial instruments

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

As per TFRS 9, the Parent Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss. The Parent Bank tested all financial assets within the scope of TFRS 9 whether their “contractual cash-flows solely represent payments of principal and interest” and assessed the asset classification within the business model.

Assessment of business model

As per TFRS 9, the Parent Bank’s business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Parent Bank’s business models are divided into three categories.

Business model aimed to hold assets in order to collect contractual cash flows:

This is a model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Receivables from the Central Bank, Banks, Money Market Placements, investments under financial assets measured at amortized cost, loans, leasing receivables, factoring receivables and other receivables are assessed within this business model.

Business model aimed to collect contractual cash flows and sell financial assets:

This is a model whose objective is achieved by both collecting contractual cash flows and selling financial assets: the Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial Assets Measured at Fair Value through Other Comprehensive Income are assessed in this business model.

Other business models:

Financial assets are measured at fair value through profit or loss when they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets measured at fair value through profit/loss are assessed in this business model.

Measurement categories of financial assets and liabilities:

Financial assets are classified in three main categories as listed below in accordance with TFRS 9:

- Financial assets measured at fair value through profit/loss;
- Financial assets measured at fair value through other comprehensive income; and
- Financial assets measured at amortized cost.

Financial assets at the 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 measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. According to uniform chart of accounts explanations interest income earned on financial asset and the difference between their acquisition costs and amortized costs are recorded as interest income in the statement of profit or loss. The differences between the amortized costs and the fair values of such assets are recorded under trading account income/losses in the statement of profit or loss. In cases where such assets are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses.

The Parent Bank has stocks, bills and bonds in portfolios of financial assets at fair value through profit and loss that are accounted in accordance with the Group' business model. In accordance with TFRS 9, the Parent Bank has classified cash flows are solely payments of principal and interest at certain dates under financial assets at fair value through profit and loss related to private purpose loans as of December 2018.

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 asset 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 measured 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 amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and are accounted under the "Other comprehensive income/ expense items to be recycled to profit/loss" under shareholders' equity. Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

Parent Bank has inflation indexed (CPI) government bonds in its financial assets at fair value through other comprehensive income and measured at amortized cost portfolios. CPI government bonds that are constant throughout their lives and their real principal amounts are preserved from inflation. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate as disclosed by the Turkish Treasury. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two months before. The estimated inflation rate used is updated during the year when necessary.

Some portion of the Eurobond portfolio which has been recognized as financial assets at fair value through other comprehensive income are designated as fair value hedged items, hedged against interest rate fluctuations, starting from March and April 2009, and some portion of the TL government bonds are designated as fair value hedged items, hedged against interest rate fluctuations, starting from July 2011. Those securities are disclosed under financial assets at FV through OCI in order to be in line with balance sheet presentation. The fair value differences of Eurobond and TL government bond hedged items are accounted for under "Trading Account Gains/ Losses" in the income statement.

In cases where fair value hedge operations cannot be effectively performed as described in TAS 39, fair value hedge accounting is ceased. After fair value accounting is ceased value differences, previously reflected the income statement are amortized through the equity until the maturity of related hedged securities. The fair value differences of related portfolio securities sold prior to maturity are immediately recognized in the income statement.

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.

The Parent Bank as explained in part IV, "Explanations on Derivative Financial Assets and Liabilities", enters into fx swap transactions against TL in order to hedge the possible losses which might arise due to the changes in the fair value of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. The Parent Bank accounts for the hedged loan portfolio at fair value related to hedged risk, the swap transactions used as the hedging instrument at fair value and reflects the related net gain or loss to respective period's income statement.

When the fair value hedge accounting could not be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans.

Equity Instruments Measured at Fair Value Through Other Comprehensive Income:

At initial recognition, an irrevocable election can be made to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of TFRS 9. Such election is made separately for each financial instrument. Fair value differences recognized in other comprehensive income are not transferred to profit or loss in the following periods and transferred to prior years' profit / loss. The equity instruments measured at fair value through other comprehensive income, are not subject to impairment calculation.

VIII. Explanations on Expected Credit Losses

The Group recognizes a loss allowance for expected credit losses on financial assets and loans measured at amortized cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit/loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" effective from 1 January 2018. At each reporting date, the Group shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. The Group considers the changes in the default risk of financial instrument, when making the assessment.

Within the scope of Article 4 and 5 of the Regulation On Procedures And Principles For Classification Of Loans And Provisions in accordance with the BRSA Decision numbered 9312 dated 8 December 2020, due to the disruptions in economic and commercial activities resulting from the Covid-19 outbreak, the 90 days default period for loans to be classified as non-performing loans shall be applied as 180 days according to assembly's resolution dated on 17 March 2020. This measure will be effective until 31 December 2020. In this manner, in the assessment of whether the debtor defaulted on the loan where the payment is overdue for more than 90 days, consideration is given to whether the debtor's condition is temporary due to
COVID-19 pandemic and payment irregularities are related to temporary liquidity constraints. In this context,

- Temporarily, the practice of classifying the uncollectible receivables up to 180 days in the Second Group has occurred.
- In restructured installment receivables, the practice of shifting installments without a contract breakdown, within the defined terms has started for customers who do not want to be late in their instalments.
- In the process of completing the Pro-rata banks protocols, the time to be given to time-consuming operations was extended by a joint agreement
- Terminatively, this leads the Banks continue to set aside provisions for such receivables in accordance with their own risk models used in the calculation of expected credit losses under TFRS 9.

As of 31 December 2021, the Bank has not made any changes regarding the classification and measurement of financial assets and calculation of expected losses, in line with the accounting policies stated in the financial statements as of 31 December 2020. Loans and receivables with past due days exceeding 90 days and past due days less than 180 days are classified according to the Stage 2, but in accordance with their own risk models, the provisions have been calculated according to the Stage 3 rules.

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions. These financial assets are divided into three categories depending on increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of expected credit losses on the 12-month default risk. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. As of 31 December 2020, minimum probability of default rate of Basel II is used in the expected credit loss calculation of receivables from public institutions and organizations. Such calculation is performed for each of three scenarios explained below.

Stage 2:

As of the reporting date of the financial asset, in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses. Calculation approach is quite similar with approach mentioned above, but probability of default and loss amount in default ratios estimated for the lifetime of instruments.

Stage 3:

Financial assets considered as impaired at the reporting date are classified as stage 3. The probability of default is taken into account as 100% in the calculation of impairment provision and Parent Bank accounts lifetime expected credit losses. In determining the impairment, the Parent Bank takes into consideration the following criteria:

- Delay of over 90 days and impairment of credit worthiness;
- Collateral and/or equity of debtor is inadequate cover the payment of receivables on the maturity;
- If it is convinced that will be delayed by more than 90 days for recovery of receivables due to macroeconomic, sector-specific or customer-specific reasons.

Calculation of expected credit losses

The Bank measured expected credit losses with the reasonable, objective and supportable information based on a probability-weighted including estimations about time value of money, past events, current conditions and future economic conditions as of the reporting date, without undue cost or effort. The calculation of expected credit losses consists of three main parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD). PDs and LGDs used in the ECL calculation are point in time ("PIT")-based for key portfolios and consider both current conditions and expected cyclical changes.

While the expected credit loss is estimated, three scenarios (base scenario, bad scenario, New Economic Plan) are evaluated. Each of these scenarios was associated with the different PD and LGD.

In addition, a certain portion of commercial and corporate loans is assessed individually in accordance with the internal policies in the calculation of the expected credit losses based on TFRS 9. Such calculations are made by discounting the expected cash flows from the individual financial instrument to its present value using the effective interest rate.

When measuring expected credit losses, it shall be considered the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low. Such assessment is made by reflecting the estimate of expected credit loss which is unbiased and probability-weighted determined by evaluating a range of possible outcomes.

Probability of default ("PD")

The PD represents the likelihood of a default over a specified time period. A 12-month PD represents the likelihood of default determined for the next 12 months and a lifetime PD represents the probability of default over the remaining lifetime of the instrument. The lifetime PD calculation is based on a series of 12-month PIT PDs that are derived from through the cycle (TTC) PDs and scenario forecasts.

It is used internal rating systems for both retail and commercial portfolios to measure risk level. The internal rating models used for the commercial portfolio include customer financial information and qualitative survey responses. Whereas behavioral and application scorecards used in the retail portfolio include; the behavioral data of the customer and the product in the Bank, the demographic information of the customer, and the behavioral data of the customer in the sector. Probability of default calculation has been carried out based on past information, current conditions and forward looking macroeconomic parameters.

Loss Given Default ("LGD")

The LGD represents an estimate of the economic loss at the time of a potential default occurring during the life of a financial instrument. The LGD is calculated taking into account expected future cash flows from collateral and other credit enhancements by considering time value of money.

LGD calculations are performed using historical data which best reflects current conditions, by formation of segments based on certain risk factors that are deemed important for each portfolio and inclusion of forward-looking information and macroeconomic expectations. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections. The Bank bases its estimates on models for collateralized portfolios and on previous experience for unsecured parties, except for corporate loans that are assigned by the Basel Committee individually or as designated by the Basel Committee.

Exposure at default ("EAD")

Temerrüt The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument. It represents the cash flows outstanding at the time of default, considering expected repayments, interest payments and accruals, discounted at the effective interest rate. Future drawdowns on facilities are considered through a credit conversion factor (CCF) that is reflective of historical drawdown and default patterns and the characteristics of the respective portfolios. While the expected credit loss is estimated, three scenarios (base scenario, bad scenario, New Economic Plan) are evaluated. Each of these scenarios was associated with the probability of different default and loss in default.

Consideration of the macroeconomic factors

Loss given default and probability of default parameters are determined by considering macroeconomic factors. The macroeconomic variables used in the calculation of the expected loss are as follows:

- Five year credit risk of Turkey;
- Real GDP growth;
- Unemployment rate;
- Inflation rate; and
- Five year government bond interest rate of Turkey.

Stages were determined through the models created using internal information for the Parent Bank, the simplified method has been applied for other financial institutions.

Stages were determined through the models created using internal information for the Bank and QNB Finans Finansal Kiralama A.Ş., the simplified method has been applied for other financial institutions. The Parent Bank reflected the possible effects of the COVID-19 outbreak as of 31 December 2021 to the estimates and judgments used in the calculation of expected credit losses, using the data obtained with the principle of maximum effort. In the light of the aforementioned data, the Parent Bank revised its macroeconomic expectations and weights in the calculation of expected credit loss. Compared to 31 December 2020, the weight of the worst case scenario was increased by 4000 basis points, the weights of the relatively more optimistic negative and baseline scenarios were decreased by 1000 basis points and 3000 basis points, respectively. The calculation made taking into account the change in PD / LGD has been reflected in the financial statements as of 31 December 2021. Due to the nature of the model effects, events that cause changes and their effects occur at different times, reflected in the financial statements with a delay. For this reason, the Bank has made individual valuations in order to eliminate the timing difference and provided additional provisions for the sector and customers that are considered to have a high impact.

This approach, which is preferred in reserve calculations for the year-end period of 2021, will be revised in the following reporting periods, taking into account the impact of the pandemic, portfolio and future expectations.

Calculating the expected loss period

Lifetime ECL is calculated by taking into account maturity extensions, repayment options and the period during which the Bank will be exposed to credit risk. The time in financial guarantees and other irrevocable commitments represents the credit maturity for which the liabilities of the Bank. Behavioral maturity analysis has been performed on credit cards and overdraft accounts. With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless there is the legal right to call it earlier.

Significant increase in credit risk

The Bank makes qualitative and quantitative assessments regarding assessment of significant increase in credit risk of financial assets to be classified as stage 2 (Significant Increase in Credit Risk).

Within the scope of quantitative assessment, the quantitative reason explaining the significant increase in the credit risk is based on a comparison of the probability of default calculated at the origination of the loan and the probability of default assigned for the same loan as of the reporting date. If there is a significant deterioration in PD, it is considered that there is a significant increase in credit risk and the financial asset is classified as stage 2. In this context, the Parent Bank has calculated thresholds at which point the relative change is a significant deterioration. In the quantitative evaluation of the significant increase in credit risk, the Bank considers the absolute thresholds as well as the relative thresholds as an additional layer. Receivables below the absolute threshold value of default are not included in the relative threshold value comparison.

The Parent Bank classifies the financial asset as Stage 2 (Significant Increase in Credit Risk) where any of the following conditions are satisfied as a result of a qualitative assessment:

- Loans overdue more than 30 days as of the reporting date;
- Loans classified as watch-list of the Bank; and
- When there is a change in the payment plan due to restructuring.

Write-Off Policy

Receivables that are classified as non-performing loans are collected primarily within the framework of administrative contacts with the debtors, and if no results are obtained, through legal means. In accordance with the provisions of the "Regulation on the Amendment of the Regulation on the Classification of Loans and the Procedures and Principles Regarding the Classification of Loans and Provisions for These" published in the Official Gazette dated 6 July 2021 and numbered 31533, they are classified under the "Fifth Group-Loans with Loss Qualification" and are for life due to the default of the debtor. The portion of the loans for which there is no reasonable expectation of the recovery of the expected loan loss provision is deducted from the records within the period determined specifically for the situation of the borrower within the scope of TFRS 9, starting from the first reporting period (interim or year-end reporting period) following their classification in this Group. In this context, deducting the loans that cannot be collected from the records is an accounting practice and does not result in the waiver of the right to receivable.

The portion of the loan receivables that do not have reasonable expectations regarding the recovery of the following items is deducted from the records within the scope of accounting practice:

- Classified as ''Fifth Group - Loans with a Loss Qualification'' under the regulation;
- The number of days of delay is at least one year; and
- Lifetime expected credit loss provision has been made due to the default of the borrower.

The portion of the loans that do not have reasonable expectations regarding the recovery of the loans is determined by the internal organs authorized by the Board of Directors. Within the scope of this article, deducting the loans from the records is an accounting practice. Receivables are followed up by the relevant credit and operation teams before the customer.

Within the scope of TFRS 9, the amount written off by the Parent Bank during the period is TL126,001 (31 December 2020 - TL4,867) and the effect on the NPL ratio of the Parent Bank is 0.05% (31 December 2020 - 0%). While the NPL ratio is 4.21% (31 December 2020 - 6.10%) with the current period non-performing loan figures, the calculated rate including the loans written off during the year is 4.26% (31 December 2020 - 6.10%).

IX. Explanations on Netting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when the Group has a legally enforceable right to offset the recognized amounts, and the intention of collecting or paying the net amount of related assets and liabilities or to realize the asset and settle the liability simultaneously

X. Derecognition of Financial Instruments

a) Derecognition of financial assets due to change in contractual terms

Based on TFRS 9, the renegotiation or modification of the contractual cash flows of a financial asset could lead to the derecognition of the existing financial asset. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered as 'new' financial asset. When the Parent Bank assesses the characteristics of the new contractual terms of the financial asset, it evaluates the contractual cash flows including foreign currency rate changes, conversion to equity, counterparty changes and solely principal and interest on principle. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and recognized a modification gain or loss in profit or loss.

Where all risks and rewards of ownership of the asset have not been transferred to another party and the Parent Bank retains control of the asset, the Parent Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset. When the Parent Bank retains substantially all the risks and rewards of ownership of the transferred asset, the transferred asset continues to be recognized in its entirety and the consideration received is recognized as a liability.

b) Derecognition of financial assets without any change in contractual terms

The Parent Bank derecognizes the asset if the contractual rights to cash flows from the financial asset are expired or the related financial asset and all risks and rewards of ownership of the asset are transferred to another party. Except for equity instruments measured at fair value through other comprehensive income, the total amount consisting of the gain or loss arising from the difference between the book value and the amount obtained and any accumulated gain directly accounted in equity shall be recognized in profit/loss.

c) Derecognition of financial liabilities

It shall be removed a financial liability (or a part of a financial liability) from the statement of financial position when, and only when, it is extinguished when the obligation specified in the contract is discharged or cancelled or expires.

d) Reclassification of financial instruments

Based on TFRS 9, it shall be reclassified all affected financial assets at amortised cost to financial assets measured at fair value through other comprehensive income and fair value through profit or loss in the subsequent accounting when, and only when, it is changed the business model for managing financial assets.

e) Restructuring and refinancing of financial instruments

The Parent Bank may be changed the original contractual terms of a loan (maturity, repayment structure, guarantees and sureties) which were previously signed, in case the loan can not be repaid or if a potential payment difficulty is encountered based on the new financing power and structure of the borrower.

Restructuring is to change the financial terms of existing loans in order to facilitate the payment of debt. Refinancing is granting a new loan which will cover either the principal or the interest payment in whole or in part of one or a few existing loans due to the anticipated financial difficulty which the customer or group encounter currently or will encounter in the future.

Changes in the original terms of a credit risk can be made in the current contract or through a new contract. Corporate and commercial companies which have been restructured and refinanced can be removed from the watchlist when the following conditions are met:

- Subsequent to the thorough review of company's financial data and its owners' equity position, at circumstances when it is not anticipated that the owner of the company will face financial difficulties; and it is assessed that the restructured debt will be paid on time; and
- At least 1 year should pass over the date of restructuring (or if it is later), the date of removal from non-performing loan category, at least 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring/refinancing shall be paid and no overdue amount (principal and interest) shall remain at the date of restructuring/refinancing.

In order for the restructured non-performing corporate and commercial loans to be classified to the watchlist category, the following conditions must be met:

- Recovery in debt service;
- At least 1 year should pass over the date of restructuring;
- Payment of all accrued and overdue amounts by debtor (interest and principal) since the date of restructuring /refinancing or the date when the debtor is classified as non-performing (earlier date to be considered) and fulfillment of the payment condition of all overdue amounts as of the date of restructuring /refinancing
- Collection of all overdue amounts, disappearance of the reasons for classification as nonperforming receivable (based on the conditions mentioned above) and having no overdue and there is no doubt that future payments will be made on time.

During the follow-up period of at least one year following the date of restructuring/refinancing, if there is a new restructuring/refinancing or a delay of more than 30 days, the transactions which were non-performing at the beginning of the follow-up period are classified as non-performing loans again.

In personal loans, loans can be restructured in order to give liquidity power to the debtor and to ensure the collection of the receivables of the Bank in case of temporary liquidity problems due to the failure of the payment obligation to the Parent Bank. The exclusion of customers from the scope of restructuring is carried out within the scope of the "Regulation on the Determination of the Qualifications of Loans and Other Receivables by Banks and the Procedures and Principles Regarding the Provisions To Be Set Aside For These".

XI. Explanations on Sales and Repurchase Agreements and Lending of Securities

Securities sold under repurchase agreements are recorded on the balance in accordance with Uniform Chart of Accounts. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as "Investments Subject to Repurchase Agreements" and valued based on the Group's management's future intentions, either at market prices or using discounting method with internal rate of return.

Funds obtained in return for repo agreements are monitored in the "Funds From Repo Transactions" accounts under liabilities, and the expense rediscount is calculated according to the internal yield method for the part of the difference between the sales and repurchase prices determined by the repo agreements, which corresponds to the period.

Securities that are subject to repurchase agreements as at the balance sheet date amounted to TL22,990,663 (31 December 2020 - TL18,700,773).

As of 31 December 2021 the Parent Bank has no securities that are subject to lending transactions (31 December 2020 - None).

Securities purchased with a commitment to resell (reverse repurchase agreements) has shown under "Cash and Cash Equivalents" on the line of "Money Market Placements" in the balance sheet. The difference resulting from purchase and resale prices is treated as interest income and accrued over the life of the agreement.

XII. Explanations on Assets Held for Sale and Discontinued Operations

In accordance with IFRS 5 ("Assets Held for Sale and Discontinued Operations"), assets classified as held for sale are measured at lower of carrying value or fair value less costs to sell. Amortization on subject asset is ended and these assets are presented separately on financial statements. An asset (or a disposal group) is regarded as "asset held for sale" only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset (or a disposal group) should be actively marketed at a price consistent with its fair value. Various events and conditions may prolong the sale procedures for more than one year. In case subject delay is caused by the events and conditions beyond the Group's control and there is enough evidence that plans to sell subject asset (or a disposal group) continue subject assets continue to be classified as assets held for sale.

As of 31 December 2021, the Group has assets held for sale and discontinued operations explained in footnote I.15. of Section Five.

A discontinued operation is a part of the Parent Banks' business classified as disposed or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Parent Bank has no discontinuing operations.

The Parent Bank classifies tangible assets which are acquired due to non-performing receivables as other assets

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

XIII. Explanations on Goodwill and Other Intangible Assets

The Group's intangible assets consist of software, intangible rights and goodwill.

The intangible assets are recorded at their historical cost less accumulated amortization and provision for impairment, if any. Amortization is calculated on a straight-line basis. Softwares have been classified as other intangible fixed assets. The useful life of softwares is determined as 3-5 years.

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

XIV. Explanations on Tangible Assets

Tangible assets are recorded at their historical cost less accumulated depreciation and provision for impairment, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of tangible assets. The annual amortization rates used are as follows:

Properties	2%
Movables purchased and acquired under finance lease contracts	7% - 25%

The depreciation of leasehold improvements acquired before December 2009, under operating lease agreements, is calculated according to their useful lives. Depreciation of the leasehold improvements acquired after this date is calculated over the lease period not exceeding 5 years where the lease duration is certain; or 5 years where the lease period is not certain in accordance with "Communiqué on the Amendment of Communiqué on Uniform Chart of Accounts and Explanatory Notes" dated 10 January 2011.

Depreciation is calculated on a pro-rata basis for the assets that have been placed in use for less than a year as of the balance sheet date.

Net book value of the property and leased assets under financial lease contracts are compared with the fair values determined by independent appraisers as of the year end and provision for impairment is recognized in "Other Operating Expenses" in the related period income statement when the fair value is below the net book value in accordance with "Turkish Accounting Standard on Impairment of Assets" (TAS 36).

Gains or losses resulting from disposals of the tangible assets are recorded in the income statement as the difference between the net proceeds and net book value of the asset.

Expenses for repairs are capitalized if the expenditure increases economic life of the asset; otherwise, they are expensed.

There are no changes in the accounting estimates in regards to amortization duration, which could have a significant impact on the current and future financial statements. There are no pledges, mortgages or other restrictions on the tangible assets. There are no purchase commitments related to the fixed assets.

XV. Explanations on Leasing Transactions

With the TFRS 16 Leases Standard, the difference between operating leases and financial leases has disappeared, and fixed assets acquired under finance lease contracts are presented under "Tangible Fixed Assets" on the asset side and under "Financial Lease Payables" on the liability side at the initial date of the lease. The basis for the determination of related balance sheet amounts is the lower of fair value of the leased asset and the present value of the lease payments. The direct costs incurred for a finance lease transaction are capitalized as additions to the cost of the leased asset. Lease payments include the financing costs incurred due to the leasing transaction and the principal amount of the leased asset for the current period. Depreciation is calculated on a straight-line basis over the estimated useful life of the leased assets at the rate of 20% except for the buildings which are depreciated at the rate of 2%.

TFRS 16 Leases

TFRS 16 Leasing standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of financial leases (on balance sheet). For lessors, the accounting stays almost the same. The Group has started to apply "TFRS 16 Leases" Standard starting from 1 January 2019.

The accounting policies for the Group's application of TFRS 16 are as follows:

Right of use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The right use includes the presence of:

- The initial measurement of the lease;
- The amount obtained by deducting all lease payments received from all lease payments made on or on the date of actual lease; and
- All initial direct costs incurred by the Group.

At the end of the lease term of the underlying asset's service, the transfer of the Group is reasonably finalized, and the Group depreciates the asset until the end of the life of the underlying asset on which the lease actually began. Right-of-use assets are subject to impairment.

Lease Liabilities

The Group measures the lease obligation at the present value of the unpaid lease payments on the date that the lease commences.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease actually starts:

- Fixed payments;
- Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease;
- Amounts expected to be paid by the Group under the residual value commitments;
- The use price of this option and, if the Group is reasonably confident that it will use the purchase option; and
- Fines for termination of the lease if the lease term indicates that the Group will use an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred. The Group revises the revised discount rate for the remainder of the lease term, if the implicit interest rate in the lease can be easily determined; the Group's alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Group measures the lease obligation as follows:

- Increase the carrying amount to reflect the interest on the lease obligation; and
- Decreases the carrying amount to reflect the lease payments made.

In addition, in the event of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

Short-Term Leases And Leases Of Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

On 5 June 2020, the POA made amendments to TFRS 16 "Leases" standard by publishing "Concessions Regarding COVID-19" on Lease Payments - "TFRS 16 Leases". With this change, tenants were granted an exemption from not being able to evaluate whether the privileges, which are recognized due to COVID-19 in the lease payments, have been made in the lease. The amendment does not have a significant impact on the financial situation or performance of the Bank.

Due to the Group's implementation of TFRS 16, assets classified under tangible assets as of 31 December 2021 amounted to TL491,054 (31 December 2020 - TL446,802), lease liability amounted to TL495,124 (31 December 2020 - TL432,075), financing expense amounted to TL57,981 (31 December 2020 - TL52,777) and depreciation expense amounted to TL227,038 (31 December 2020 - TL229,554).

XVI. Explanations on Factoring Receivables

Factoring receivables are measured at amortized cost using the effective interest rate method after deducting unearned interest income and when specific provisions for impairment are recognized.

XVII. Explanations on Provisions and Contingent Liabilities

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Group. Whenever the amount of such obligations cannot be measured, they are regarded as contingent. If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can reliably be measured, a provision is provided.

XVIII. Explanations on Obligations of the Group for Employees Benefits

Provision for employee severance benefits of the Group has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Group over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Group. The Group has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to IAS 19, The Group recognizes all actuarial gains and losses immediately through other comprehensive income. The Group does not have any employees who work under limited period contracts with remaining terms longer than 12 months after the balance sheet date. Provision for the employees' unused vacations has been booked in accordance with IAS 19 and reflected to the financial statements.

There are no foundations, pension trusts or similar associations of which the Group employees are members.

XIX. Explanations on Taxation

1. 1. Corporate tax

According to the Corporate Tax Law No. 5520 published in the Official Gazette No. 26205 dated 21 June 2006; Corporate tax is calculated at a rate of 20% over the corporate income. However, in accordance with the Provisional Article 10 added to the Corporate Tax Law, the rate of 20% is applied as 22% for the corporate earnings of the institutions for the taxation periods of 2018, 2019 and 2020 (for the accounting periods starting in the relevant year for the institutions assigned a special fiscal period). Prepaid taxes are followed in "Current Tax Liability" or "Current Tax Asset" accounts to be offset against the corporate tax liability of the relevant year. The Corporate Tax rate, which is 20% in accordance with the Temporary Article 13 added to the Corporate Tax Law with the 11th Article of the Law on the Law on the Collection of Public Claims and Amendments to Some Laws, published in the Official Gazette on 22 April 2021, numbered 7316. It will be applied as 25% for corporate earnings and 23% for 2022. In accordance with Article 14 of the Law, the rate to be applied for the year 2021 will start from the declarations to be submitted as of 1 July 2021 (The tax rate applied in the first advance tax period of 2021 is 20%).

50% of gain from the sale of real estate which are held more than two years in the assets of the Parent Bank and 75% of gain on disposal of subsidiary shares which are held for more than two years in the assets of the Parent Bank are exemption from tax according to Corporate Tax Law in condition with adding these gains into equity or allocating into a specific fund account in the Parent Bank's liabilities for five years.

Corporations calculate a temporary tax of 22% for the 2020 taxation period and 25% (20% in the first advance tax period of 2021) for the 2021 taxation period over their quarterly financial profits, and declare and pay until the 17th day of the second month following that period. If the advance tax paid amount remains after offsetting, this amount could be either returned as cash or offset.

According to the Corporate Tax Law, financial losses in the declaration can be deducted from the corporate tax base of the period not exceeding 5 years. Declarations and related accounting records can be examined within five years by the tax office. On the other hand, if document subjects to stamp duty and the statute of limitations of tax and penalty is used after the expiry of the time limit, the taxable income of document is regenerated.

The provision for corporate and income taxes for the period is recognized as "Current Tax Charge" in the income statement and current tax effect related to transactions directly recognized in equity are reflected to equity.

Undistributed profit for the period is not subject to withholding tax if it is added to capital or it is distributed to full-fledged taxpayer corporations. However, with the Council of Ministers' decisions numbered 2009/14593 and 2009/14594; published in the Official Gazette No: 27130 dated 3 February 2009 and based on Corporate Tax Law No: 5520, 15th and 30th Articles, profit distribution for the period is subject to withholding tax by 15%, for full-fledged real person taxpayers, for those who are not responsible for corporate tax and income tax, for those exempt from corporate and income tax (except for those taxed through their businesses or permanent representatives in Turkey) and for foreign based real person taxpayers.

In accordance with the provisions of the Tax Procedure Law Reiterated Article 298/A, the financial statements should be subject to inflation if both of the following conditions are met:

- If the increase in the price index (D-PPI- Domestic Producer Price Index) is more than 100% in the last three accounting periods, including the current period; and
- More than 10% in the current accounting period.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022, Law No. It has been enacted with the number 7532 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed.

2. Deferred Taxes

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12"). In the calculation of the Parent Bank's deferred tax, the enacted tax rates that are valid in accordance with the current tax legislation are used in accordance with the tax period for the related items. The Corporate Tax rate, which is 20% in accordance with the Provisional Article 13 added to the Corporate Tax Law with the 11th Article of the Law on the Amendment of Certain Laws and the Law on the Collection of Public Claims, published in the Official Gazette on 22 April 2021, numbered 7316. It will be applied as 25% for corporate earnings and 23% for 2022. As of 31 December 2020, deferred tax has been calculated over 20% in accordance with the tax legislation in effect in the relevant period.

Deferred tax liabilities are recognized for all temporary differences whereas deferred tax assets calculated from deductible temporary differences are only recognized if it's highly probable that these will in the future create taxable profit.

The Group is recognized deferred tax for the Stage 1 and Stage 2 expected credit losses provisions.

According to TAS 12, deferred taxes and liabilities resulting from different subsidiaries subject to consolidation are not presented as net; rather they are presented separately as assets and liabilities in the financial statements.

Deferred tax effect related to transactions for which the profit or loss effect is directly accounted in equity, is also reflected to equity.

3. Transfer Pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing. "The General Communique on Disguised Profit Distribution by way of Transfer Pricing" published on 18 November 2007 explains the application related issues in detail. According to this Communique, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer, is subject to or exempt from tax.

As discussed under subject Communique's 7.5 Annual Documentation section, taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

XX. Additional Explanations on Borrowings

The Parent Bank and consolidated Group companies generate funds from domestically and internationally resident people and institutions by using debt instruments such as syndication, securitization, collateralized debt and bond issuance. Aforementioned transactions are initially recorded at transaction cost plus acquisition cost, reflective of their fair value, and are subsequently measured at amortized cost by using internal yield method.

XXI. Explanations on Share Issues

There are no shares issued in 2021 (31 December 2020 - None).

XXII. Explanations 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. There are no acceptances and confirmed bills of exchange presented as liabilities against any assets.

XXIII. Explanations on Government Incentives

As of 31 December 2021, the Group does not have any governmental incentives or support (31 December 2020 - None).

XXIV. Explanations on Segment Reporting

In addition to corporate banking, retail banking and commercial banking services, the Group also provides private banking, SME banking, treasury operations and credit card services through branches and alternative channels. The Group serves its retail banking clients with time, demand deposits, also overdraft services, automatic account services, consumer loans, vehicle loans, housing loans and investment fund services. The Group provides services including deposit and loans, foreign trade financing, forward and option agreements to its corporate clients. Other than those mentioned above, the Group also serves in trading financial instruments, treasury operations, and performs insurance, factoring, and domestic and abroad finance lease operations.

The calculations based on the income statement for retail banking (consumer banking and plastic cards), corporate and commercial banking that have operational units designated as the main profit centers, have been made according to the product and customer types. During the profitability calculations, the pricing of transfers among these units and treasury unit are made by using cost/return ratios that are determined by the Parent Bank's senior management and which are updated periodically. In this pricing method, general market conditions and the Parent Bank's internal policies are considered.

Corporate and Commercial Banking serves corporate firms with an annual turnover of TL500,000 or more, multinational companies operating in Turkey, and commercial firms with an annual turnover of TL75,000 - 500,000. In addition to the financing and investment needs of its customers, it offers products that will facilitate the payment and collection processes in both domestic and foreign trade. It produces solutions that will create added value for all the needs of its customers with its customer-oriented service approach, company-specific solution approach and strategy to establish long-term business partnerships.

The Consumer Banking meets the needs and expectations of the retail banking customers. The Private Banking Unit has formed and started to operate to serve customers with high level income, in a more effective way. The installments, discounts and bonus advantages are provided to the users of Card Finans in the plastic cards line. The main function of Treasury Segment is managing the liquidity of the Parent Bank and interest and foreign currency risks resulting from market conditions. This segment is in close relation with corporate, commercial, retail, SME and private banking units in order to increase the number of customers and the volume of transactions in treasury products of the Parent Bank.

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

Current Period (1 January - 31 December 2021)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Operating Income	**6,790,334**	**4,827,935**	**2,174,062**	**13,792,331**
Dividend Income	-	-	1,305	1,305
Gain/(Loss) on joint venture accounted for at equity method	-	-	107,822	107,822
Profit Before Taxes	**3,200,872**	**510,244**	**1,424,033**	**5,135,149**
Provision Tax (-)	**-**	**-**	**1,227,288**	**1,227,288**
Net Profit/Loss	**-**	**-**	**-**	**3,907,861**
Total Assets	**65,542,275**	**146,803,189**	**151,071,619**	**383,849,012**
Segment Assets	65,542,275	146,803,189	151,071,619	363,417,083
Associates, Subsidiaries and Entities Under Common Control	-	-	-	270,367
Undistributed Assets	-	-	-	20,161,562
Total Liabilities	**142,168,592**	**70,730,858**	**110,075,392**	**383,849,012**
Segment Liabilities	142,168,592	70,730,858	110,075,392	322,974,842
Undistributed Liabilities	-	-	-	38,721,961
Equity	-	-	-	22,152,209
Other Segment Accounts	**818,520**	**569,503**	**4,706**	**1,392,729**
Capital Expenditures	418,853	291,419	21,225	731,497
Depreciation and Amortization	399,667	278,084	(16,519)	661,232

(*) No tax provision has been distributed.

Prior Period (1 January - 31 December 2020)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Operating Income	**5,096,061**	**3,492,744**	**1,816,418**	**10,405,223**
Dividend Income	-	-	5,257	5,257
Gain/(Loss) on joint venture accounted for at equity method	-	-	98,258	98,258
Profit Before Taxes	**2,067,656**	**(3,014)**	**1,316,054**	**3,380,696**
Provision Tax (-)	**-**	**-**	**626,069**	**626,069**
Net Profit/Loss	**-**	**-**	**-**	**2,754,627**
Total Assets(*)	**47,855,623**	**98,466,811**	**71,220,907**	**235,019,721**
Segment Assets	47,855,623	98,466,811	71,220,907	217,543,341
Associates, Subsidiaries and Entities Under Common Control	-	-	-	237,920
Undistributed Assets	-	-	-	17,238,460
Total Liabilities	**88,937,401**	**36,754,071**	**66,903,198**	**235,019,721**
Segment Liabilities	88,937,401	36,754,071	66,903,198	192,594,670
Undistributed Liabilities	-	-	-	23,183,823
Equity	-	-	-	19,241,228
Other Segment Accounts	**955,982**	**704,979**	**(58,858)**	**1,602,103**
Capital Expenditures	615,635	453,994	(37,992)	1,031,637
Depreciation and Amortization	340,347	250,985	(20,866)	570,466

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

XXV. Profit Reserves and Profit Distribution

The General Assembly Meeting of the Parent Bank was held on 25 March 2021. In the Board of Directors, it was decided that profit distribution 2020 operations to be distributed as follows.

2020 Profit Distribution Table:

Current Year Profit	**2,588,276**
A - First Legal Reserves (Turkish Commercial Code 519/A) (5%)	670,000
C - Extraordinary Reserves	1,918,276

XXVI. Earnings Per Share

Earnings per share listed on income statement is calculated by dividing net profit to weighted average amount of shares issued within respective year.

	Current Period	Prior Period
Group's Net Profit for the Period	3,906,647	2,753,783
Weighted Average Amount of Shares Issued (Thousands)	33,500,000	33,500,000
Earnings per Share	**0,1166**	**0,08220**

In Turkey, companies can increase capital through "bonus share" distributed from previous year earnings to current shareholders. Such "bonus share" distributions are accounted as issued shares while calculating earnings per share. Accordingly, weighted average amount of shares issued used in these calculations is found through taking into consideration retroactive effects of subject share distributions. In case, amount of shares issued increases after the balance sheet date but before the date of financial statement preparation due to distribution of "bonus share", earnings per share is calculated taking into consideration the new amount of shares.

Amount of issued bonus shared in 2021 is none (Amount of issued bonus shared in 2020 is none).

XXVII. Explanations on Other Matters

None.

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

I. Explanations on Consolidated Equity

Total capital and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks." As of 31 December 2021, Group's total capital has been calculated as TL37,540,811 (31 December 2020 - TL28,315,865), capital adequacy ratio is 15.24% (31 December 2020 - 15.78%) calculated pursuant to former regulations.

In accordance with the BRSA's Decision dated 21 December 2021 and numbered 9996, in the calculation of the amount subject to credit risk in accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy due to the fluctuations in the financial markets as a result of the COVID-19 epidemic; The simple arithmetic average of the Central Bank's foreign exchange buying rates of the last 252 business days before the calculation date can be used when calculating the monetary and non-monetary assets, other than the items in foreign currency measured in historical cost, in accordance with Turkish Accounting Standards, and the related provision amounts. In case the net valuation differences in the portfolio of "Securities at Fair Value Through Other Comprehensive Income" are negative, these differences are not taken into account in the equity amount to be calculated and used for the capital adequacy ratio.

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

Components of consolidated shareholders' equity items:

	Current Period 31 December 2021	Prior Period 31 December 2020
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3,350,000	3,350,000
Share issue premiums	714	714
Reserves	17,072,922	14,217,872
Gains recognized in equity as per TAS	298,650	191,067
Profit	3,906,647	2,855,050
Current Period Profit	3,906,647	2,753,783
Prior Period Profit	-	101,267
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Minorities' Share	9,395	8,181
Common Equity Tier 1 Capital Before Deductions	**24,638,328**	**20,622,884**
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	837,041	684,425
Improvement costs for operating leasing	79,130	68,148
Goodwill (Net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (Net of related tax liability)	593,242	471,285
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (Net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	**1,509,413**	**1,223,858**
Positive difference between the amount of expected credit losses before implementation of TFRS 9 and expected credit losses from TFRS 9 adoption	142,258	284,516
Total Common Equity Tier 1 Capital	**23,271,173**	**19,683,542**

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

	Current Period 31 December 2021	Prior Period 31 December 2020
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	6,813,188	3,853,763
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	**6,813,188**	**3,853,763**
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of net long positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The total of net long position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
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 (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	**30,084,361**	**23,537,305**
TIER II CAPITAL		
Debt instruments and premiums deemed suitable by the BRSA	-	-
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	4,996,338	2,826,093
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	2,783,169	2,000,260
Tier II Capital Before Deductions	**7,779,507**	**4,826,353**
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	**7,779,507**	**4,826,353**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**37,863,868**	**28,363,658**
Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	8,140	7,400
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	314,923	40,393
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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

	Current Period 31 December 2021	Prior Period 31 December 2020
TOTAL CAPITAL		
Total Capital	37,540,805	28,315,865
Total risk weighted amounts	246,313,414	179,427,043
Capital Adequacy Ratios		
Consolidated Common Equity Tier 1 Ratio (%)	9.45	10.97
Consolidated Tier 1 Ratio (%)	12.21	13.12
Consolidated Capital Adequacy Ratio (%)	15.24	15.78
BUFFERS		
Bank specific total common equity tier 1 capital ratio	3.51	3.51
a) Capital conservation buffer requirement (%)	2.50	2.50
b) Bank specific counter-cyclical buffer requirement (%)	0.01	0.01
c) Systemic significant bank buffer ratio (%)	1.00	1.00
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 (%)	3.80	4.97
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	218,293	185,854
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty-five limitation)	5,782,122	4,184,843
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	2,783,169	2,000,260
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 I Capital subjected to temporary Article 4	6,813,188	3,853,763
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	4,996,338	2,826,093

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

Information on debt instruments included in the calculation of equity:

Information on debt instruments included in the calculation of equity:

	1	2	3
Issuer	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Additional Capital	Supplementary Capital	Supplementary Capital
Since 01.01.2015 10% reduction by being subject to the application	No	No	No
Eligible at stand-alone / consolidated	Standalone - Consolidated	Standalone - Consolidated	Standalone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	6,813	1,622	3,374
Par value of instrument (Currency in million)	6,813	1,622	3,374
Accounting classification	Liability - Subordinated Loans - amortized cost	Liability - Subordinated Loans - amortized cost	Liability - Subordinated Loans - amortized cost
Original date of issuance	30 June 2019	1 April 2019	22 May 2017
Perpetual or dated	Perpetual	Dated	Dated
Original maturity date	-	10 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Every 5 years	5 years	5 years
Subsequent call dates, if applicable	-	-	-
Coupons / dividends	-	-	-
Fixed or floating dividend/ coupon	Fixed	Floating	Floating
Coupon rate and any related index	First 5 years fixed at 9.50%, next 5 years fixed at MS + 7.08	6M LIBOR + 5.75%,	6M LIBOR + 3.88%,
Existence of a dividend stopper	Interest will not be processed for the value reduced after the impairment date.	-	-
Fully discretionary, partially discretionary or mandatory	Discretionary	-	-

	1	2	3
Existence of step up or other incentive to redeem	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	Yes	Yes
If convertible, conversion trigger(s)	-	Article number 7-2-i of "Own fund regulation"	Article number 7-2-i of "Own fund regulation"
If convertible, fully or partially	-	All of the remaining capital	All of the remaining capital
If convertible, conversion rate	-	(*)	(*)
If convertible, mandatory or optional conversion	-	Discretionary	Discretionary
If convertible, specify instrument type convertible into	-	Equity Share	Equity Share
If convertible, specify issuer of instrument it converts into	-	QNB Finansbank A.Ş.	QNB Finansbank A.Ş.
Write-down feature	Yes	None	None
If write-down, write-down trigger(s)	Disappearance of non-existence and lower core capital ratio than 5.125%	-	-
If write-down, full or partial	Full and partial	-	-
If write-down, permanent or temporary	Temporary	-	-
If temporary write-down, description of write-up mechanism	Disappearance of non-existence and higher core capital ratio than 5.125%	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, and TIER 2	After the senior creditors, before the TIER 1 sub debt, same with TIER 2	After the senior creditors, before the TIER 1 sub debt, same with TIER2
Incompliance with article number 7 and 8 of "Own fund regulation"	It fulfills the conditions within the Article 7 of the Regulation on the Equity of Banks.	It fulfills the conditions within the Article 8 of the Regulation on the Equity of Banks.	It fulfills the conditions within the Article 8 of the Regulation on the Equity of Banks.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	-	-	-

(*) The conversion rate/value will be calculated based on the market data available when the right is exercised.

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

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

Information on Article 5 of the Regulation on Equities of Banks:

EQUITY ITEMS	T	T-1
Common Equity	23,271,173	23,271,173
Transition process not implemented Common Equity	23,128,921	23,128,921
Tier 1 Capital	30,084,361	30,084,361
Transition process not implemented Tier 1 Capital	29,942,109	29,942,109
Total Capital	37,540,805	37,540,805
Transition process not implemented Equity	37,398,553	37,398,553
TOTAL RISK WEIGHTED AMOUNTS		
Total Risk Weighted Amounts	246,313,414	246,313,414
Capital Adequacy Ratio		
Common Equity Adequacy Ratio (%)	9.45%	9.45%
Transition process not implemented Common Equity Adequacy Ratio (%)	9.39%	9.39%
Tier 1 Capital Adequacy Ratio (%)	12.21%	12.21%
Transition process not implemented Tier 1 Capital Adequacy Ratio (%)	12.16%	12.16%
Capital Adequacy Ratio (%)	15.24%	15.24%
Transition process not implemented Capital Adequacy Ratio (%)	15.18%	15.18%
LEVERAGE		
Leverage Ratio Total Risk Amount	487,214,617	487,214,617
Leverage (%)	5.80%	5.80%
Transition process not implemented Leverage Ratio (%)	6.15%	6.15%

Explanations on the reconciliation of shareholders' equity items and balance sheet amounts:

There are differences between amounts in the explanation on equity items and amounts on the balance sheet. In this context; up to 1.25% of the amount of the first and second part of the expected loss provisions is taken into account as contribution capital, loses from cash flow hedges have not been taken into consideration in the information on the equity items and valuation adjustments calculated according to item (i) of the first paragraph of the ninth article of the "Regulation on Equity of Banks" have been taken into consideration in the explanations on equity items.

II. Explanations on Consolidated Risk Management

1. Consolidated credit risk explanations

Credit Risk Explanations Credit risk represents the risk arising due to the counter party's not fulfilling its responsibilities stated in the agreement either partially or totally. Credit Risk Management Committee and Credit Department is responsible for managing credit risk.

Loan strategies and policies are determined by the Policy Committees. These policies and strategies are constituted in line with the applications of the Parent, and credit risk is managed according to these policies and strategies. The quality of loan portfolio is monitored regularly with the help of metrics which are in line with the Bank's risk appetite, as specified in Risk Management Strategies.

Credit Risk Management takes place in every steps of the Group's credit process from the beginning. Loan applications are evaluated by non-profit oriented independent loan granting departments. Loan Limits are determined on a product basis and in the aggregate for every individual, corporate customer and risk group. Furthermore, concentration on product, industry, region, are monitored within the frame of loan limits in line with the regulation.

The credibility of the debtors is monitored periodically in accordance with the related regulation. The statements presenting the financial position of the borrowers are obtained in accordance with the related regulation.

Loan limits of the loan customers are revised periodically in line with the Group's loan limit revision procedures.

The Group analyses the credibility of the loans within the framework of its loan policies and obtains collaterals for loans.

The Group has control limits over the positions of forward transactions, options and other similar agreements.

The credit risk arising from these instruments are managed together with the risks resulting from market fluctuations.

The Group monitors risks of forward transactions, options and other similar agreements and reduces the risk if necessary.

Indemnified non-cash loans are weighted in the same risk group with the past due but not impaired loans.

The restructured and rescheduled loans are monitored by the Group in line with the Group's credit risk management procedures. The debtor's financial position and commercial activities are continuously analyzed and the principal and interest payments of rescheduled loans are monitored by the related departments.

The restructured and rescheduled loans are evaluated in the Group's current internal rating system besides the follow up method determined in the related regulation.

The risk of banking operation abroad and credit transactions is acceptable and there is no significant credit risk density in international banking market.

The policies implemented by the bank regarding the calculation of expected loss provisions are explained in note VIII of the third part. The bank has taken into consideration the general provision for overdue loans and special provision for impaired loans under the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables (the Provisioning Regulation)

Pursuant to the Decision of the Banking Regulation and Supervision Agency dated 21 December 2021 and numbered 9996;

In accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks (Capital Adequacy Regulation) specified in the Board Decision dated 6 September 2021 and numbered 9795 and published in the Official Gazette dated 23 October 2015, monetary assets and non-monetary assets, in the calculation of the amount subject to credit risk; The application of using the simple arithmetic average of the Central Bank's foreign exchange buying rates of the last 252 business days before the calculation date, when calculating the amounts valued in accordance with Turkish Accounting Standards and the relevant provision amounts for items other than items in foreign currency measured in cost terms; until a Board Decision to the contrary is taken. To continue as of January 2022, by using the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of 31 December 2021, in the aforementioned calculation,

In case the net valuation differences of the securities held by the banks in the portfolio of "Securities at Fair Value Through Other Comprehensive Income" as of the date of this Decision are negative, these differences will be calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette dated 5 September 2013, and Allowing the opportunity not to be taken into account in the amount of equity to be used for the capital adequacy ratio, continuing to apply the existing provisions of the aforementioned Regulation for "Securities at Fair Value Reflected in Other Comprehensive Income" acquired after the date of this Decision,

Capital Adequacy Regulation;

The limit for the definition of small and medium-sized enterprises (SMEs) in subparagraph (vv) of the first paragraph of Article 3 is determined as TL220,000,000 for domestic residents in terms of SMEs,

It has been reported that it has been decided to set the retail credit limit as TL10,000,000 in the first sentence of subparagraph (c) of the second paragraph of Article 6, and to use the definition of SME, which is used by the banking authority of the country where the SME is located, in the calculation of capital adequacy for non-resident SMEs.The receivables of the Group from its top 100 cash loan customers are 31% in the total cash loans (31 December 2020 - 27%).

The receivables of the Group from its top 200 cash loan customers are 36% in the total cash loans (31 December 2020 - 32%).

The receivables of the Group from its top 100 non-cash loan customers are 50% in the total non-cash loans (31 December 2020 - 50%).

The receivables of the Group from its top 200 non-cash loan customers are 61% in the total non-cash loans (31 December 2020 - 60%).

The share of cash and non-cash receivables of the Group from its top 100 loan customers in total cash and non-cash loans is 30% (31 December 2020 - 27%).

The share of cash and non-cash receivables of the Group from its top 200 loan customers in total cash and non-cash loans is 35% (31 December 2020 - 32%).

The Group general total provision is amounted to TL5,782,123 (31 December 2020 - TL4,184,843).

As of 31 December 2021, Provision for probable risks in the Group's loan portfolio amount is not included (31 December 2020 - None).

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

	Current Period		Prior Period	
Exposure Categories	Risk Amount(*)	Average Risk Amount(**)	Risk Amount(*)	Average Risk Amount(**)
Conditional and unconditional receivables from central governments and Central Banks	91,520,203	72,790,121	60,832,299	52,092,423
Conditional and unconditional receivables from regional or local governments	178,915	110,503	98,192	98,027
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	215,816	245,180	378,860	304,032
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	51,409,418	38,801,593	28,674,841	31,466,812
Conditional and unconditional receivables from corporates	105,329,129	98,227,618	88,502,398	76,568,081
Conditional and unconditional receivables from retail portfolios	84,088,691	79,232,618	73,967,558	68,479,307
Conditional and unconditional receivables secured by mortgages	13,863,607	9,776,526	6,674,515	5,504,665
Past due receivables	2,067,694	1,807,059	1,994,613	1,974,693
Receivables defined in high risk category by BRSA	14,155,145	4,680,245	490,654	360,725
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment Funds	-	-	-	-
Investment in equities	2,444,501	2,144,015	1,909,620	1,711,798
Other receivables	14,549,400	10,500,902	8,616,464	8,244,119

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(**) The average risk amount was calculated by taking the arithmetic average of the values in the monthly reports prepared in balance sheet period in regards to “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the “Regulation”).

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

Profile of significant exposures in major regions:

	Exposure Categories(*)							
	1	2	3	4	5	6	7	8
Current Period								
1. Domestic	91,520,203	178,915	215,816	-	-	3,024,885	97,517,927	54,213,389
2. European Union Countries	-	-	-	-	-	36,956,155	445,689	1,254
3. OECD Countries(**)	-	-	-	-	-	1,472,322	13	-
4. Offshore Banking Areas	-	-	-	-	-	3,211,363	297,697	335
5. USA, Canada	-	-	-	-	-	4,262,094	-	5,165
6. Other Countries	-	-	-	-	-	2,482,599	7,067,803	29,868,548
7. Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	-	-
8. Unallocated Assets/Liabilities(***)	-	-	-	-	-	-	-	-
Total	**91,520,203**	**178,915**	**215,816**	**-**	**-**	**51,409,418**	**105,329,129**	**84,088,691**

	Exposure Categories(*)							
	1	2	3	4	5	6	7	8
Prior Period								
1. Domestic	60,832,299	98,192	378,860	-	-	1,589,368	81,859,792	52,736,714
2. European Union Countries	-	-	-	-	-	22,275,219	485,438	230
3. OECD Countries(**)	-	-	-	-	-	423,189	11	-
4. Offshore Banking Areas	-	-	-	-	-	2,260,776	247,094	6
5. USA, Canada	-	-	-	-	-	1,687,202	22,465	164
6. Other Countries	-	-	-	-	-	439,087	5,887,598	21,230,444
7. Associates, Subsidiaries and Joint-Ventures	-	-	-	-	-	-	-	-
8. Unallocated Assets/Liabilities(***)	-	-	-	-	-	-	-	-
Total	**60,832,299**	**98,192**	**378,860**	**-**	**-**	**28,674,841**	**88,502,398**	**73,967,558**

(*) Exposure categories based on "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". Prior to the Credit Risk Reduction, the risk amounts after the credit conversion rate are given.

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

(***) Includes assets and liability items that cannot be allocated on a consistent basis.

1 - Conditional and unconditional receivables from central governments and Central Banks
2 - Conditional and unconditional receivables from regional or local governments
3 - Conditional and unconditional receivables from administrative bodies and noncommercial enterprises
4 - Conditional and unconditional receivables from multilateral development banks
5 - Conditional and unconditional receivables from international organizations
6 - Conditional and unconditional receivables from banks and brokerage houses
7 - Conditional and unconditional receivables from corporates
8 - Conditional and unconditional receivables from retail portfolios
9 - Conditional and unconditional receivables secured by mortgages
10 - Past due receivables
11 - Receivables defined under high risk category by BRSA
12 - Securities collateralized by mortgages
13 - Securitization positions
14 - Short-term receivables from banks, brokerage houses and corporates
15 - Investments similar to collective investment Funds
16 - Investment in equities
17 - Other receivables

Exposure Categories(*)									
9	10	11	12	13	14	15	16	17	Total
13,858,850	1,880,140	13,000,131	-	-	-	-	-	14,549,400	289,959,656
29	11	1,348	-	-	-	-	-	-	37,404,486
-	-	-	-	-	-	-	-	-	1,472,335
-	-	-	-	-	-	-	-	-	3,509,395
19	-	-	-	-	-	-	-	-	4,267,278
4,709	187,543	1,153,666	-	-	-	-	2,444,501	-	43,209,369
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
13,863,607	**2,067,694**	**14,155,145**	**-**	**-**	**-**	**-**	**2,444,501**	**14,549,400**	**379,822,519**

Exposure Categories(*)									
9	10	11	12	13	14	15	16	17	Total
6,674,192	1,821,378	418,047	-	-	-	-	-	8,616,464	215,025,306
89	11	63,104	-	-	-	-	-	-	22,824,091
-	3,760	7,761	-	-	-	-	-	-	434,721
-	-	-	-	-	-	-	-	-	2,507,876
62	-	-	-	-	-	-	-	-	1,709,893
172	169,464	1,742	-	-	-	-	1,909,620	-	29,638,127
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
6,674,515	**1,994,613**	**490,654**	**-**	**-**	**-**	**-**	**1,909,620**	**8,616,464**	**272,140,014**

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

Risk profile regarding sectors or counter parties:

	Exposure Categories(*)								
Current Period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Agriculture	**-**	**-**	**2,723**	**-**	**-**	**-**	**711,895**	**1,608,169**	**34,664**
Farming and Raising Livestock	-	-	2,723	-	-	-	366,971	1,554,423	30,295
Forestry	-	-	-	-	-	-	94	16,616	169
Fishing	-	-	-	-	-	-	344,830	37,130	4,200
Industrial	**-**	**116,496**	**94**	**-**	**-**	**-**	**43,181,146**	**7,478,925**	**1,720,921**
Mining and Quarrying	-	-	-	-	-	-	486,256	170,257	3,532
Production	-	-	94	-	-	-	35,584,160	7,163,433	1,713,814
Electricity, Gas, Water	-	116,496	-	-	-	-	7,110,730	145,235	3,575
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**6,185,284**	**3,561,464**	**660,865**
Services	**50,098,746**	**33**	**3,530**	**-**	**-**	**46,439,591**	**47,509,479**	**15,605,962**	**9,338,943**
Wholesale and Retail Trade	-	-	2,276	-	-	-	14,192,645	12,193,986	1,249,005
Hotel, Food and Beverage	-	-	-	-	-	-	2,633,611	331,832	2,210,924
Transportation and Communication	-	-	-	-	-	-	17,615,731	1,147,303	464,727
Financial Institutions	50,098,746	33	-	-	-	46,439,591	2,811,383	134,488	23,443
Real Estate and Rent Services	-	-	-	-	-	-	4,439,707	264,010	4,944,735
Self-Employment Services	-	-	697	-	-	-	1,213,872	727,457	61,407
Educational Services	-	-	3	-	-	-	106,101	223,735	18,868
Health and Social Services	-	-	554	-	-	-	4,496,429	583,151	365,834
Other	**41,421,457**	**62,386**	**209,469**	**-**	**-**	**4,969,827**	**7,741,325**	**55,834,171**	**2,108,214**
Total	**91,520,203**	**178,915**	**215,816**	**-**	**-**	**51,409,418**	**105,329,129**	**84,088,691**	**13,863,607**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

1 - Conditional and unconditional receivables from central governments and Central Banks
2 - Conditional and unconditional receivables from regional or local governments
3 - Conditional and unconditional receivables from administrative bodies and noncommercial enterprises
4 - Conditional and unconditional receivables from multilateral development banks
5 - Conditional and unconditional receivables from international organizations
6 - Conditional and unconditional receivables from banks and brokerage houses
7 - Conditional and unconditional receivables from corporates
8 - Conditional and unconditional receivables from retail portfolios
9 - Conditional and unconditional receivables secured by mortgages
10 - Past due receivables
11 - Receivables defined under high risk category by BRSA
12 - Securities collateralized by mortgages
13 - Securitization positions
14 - Short-term receivables from banks, brokerage houses and corporates
15 - Investments similar to collective investment Funds
16 - Investment in equities
17 - Other receivables

10	11	12	13	14	15	16	17	TL	FC	Total
83,852	**50,624**	**-**	**-**	**-**	**-**	**-**	**-**	**2,100,668**	**391,259**	**2,491,927**
83,679	50,624	-	-	-	-	-	-	1,962,678	126,037	2,088,715
31	-	-	-	-	-	-	-	16,910	-	16,910
142	-	-	-	-	-	-	-	121,080	265,222	386,302
223,451	**43,937**	**-**	**-**	**-**	**-**	**-**	**-**	**22,237,061**	**30,527,909**	**52,764,970**
12,032	44	-	-	-	-	-	-	397,950	274,171	672,121
211,376	43,893	-	-	-	-	-	-	21,010,315	23,706,455	44,716,770
43	-	-	-	-	-	-	-	828,796	6,547,283	7,376,079
451,326	**44,185**	**-**	**-**	**-**	**-**	**-**	**-**	**7,907,673**	**2,995,451**	**10,903,124**
836,566	**117,072**	**-**	**-**	**-**	**-**	**-**	**-**	**54,396,490**	**115,553,432**	**169,949,922**
364,274	77,931	-	-	-	-	-	-	22,000,335	6,079,782	28,080,117
41,872	10,900	-	-	-	-	-	-	773,255	4,455,884	5,229,139
19,231	2,794	-	-	-	-	-	-	1,959,087	17,290,699	19,249,786
1,087	-	-	-	-	-	-	-	25,598,825	73,909,946	99,508,771
373,898	1,067	-	-	-	-	-	-	1,247,865	8,775,552	10,023,417
20,962	3,046	-	-	-	-	-	-	1,315,236	712,205	2,027,441
7,605	20,801	-	-	-	-	-	-	361,383	15,730	377,113
7,637	533	-	-	-	-	-	-	1,140,504	4,313,634	5,454,138
472,499	**13,899,327**	**-**	**-**	**-**	**-**	**2,444,501**	**14,549,400**	**117,557,381**	**26,155,195**	**143,712,576**
2,067,694	**14,155,145**	**-**	**-**	**-**	**-**	**2,444,501**	**14,549,400**	**204,199,273**	**175,623,246**	**379,822,519**

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

Risk profile regarding sectors or counter parties:

	Exposure Categories(*)								
Prior Period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Agriculture	**-**	**-**	**107,256**	**-**	**-**	**-**	**437,904**	**1,982,031**	**36,420**
Farming and Raising Livestock	-	-	107,256	-	-	-	234,937	1,934,049	36,043
Forestry	-	-	-	-	-	-	1,382	7,553	-
Fishing	-	-	-	-	-	-	201,585	40,429	377
Industrial	**-**	**58,796**	**395**	**-**	**-**	**-**	**33,146,868**	**5,905,972**	**955,938**
Mining and Quarrying	-	-	-	-	-	-	343,378	128,925	30,689
Production	-	-	395	-	-	-	27,468,675	5,647,138	922,184
Electricity, Gas, Water	-	58,796	-	-	-	-	5,334,815	129,909	3,065
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**6,069,416**	**3,245,564**	**437,719**
Services	**27,289,714**	**33**	**50,110**	**-**	**-**	**24,491,203**	**42,882,031**	**13,211,963**	**2,991,299**
Wholesale and Retail Trade	-	-	25,421	-	-	-	11,607,890	10,349,190	867,805
Hotel, Food and Beverage	-	-	-	-	-	-	3,744,974	296,049	262,719
Transportation and Communication	-	-	-	-	-	-	15,062,489	906,869	40,681
Financial Institutions	27,289,714	33	-	-	-	24,491,203	989,461	163,737	6,378
Real Estate and Rent Services	-	-	-	-	-	-	5,874,158	261,737	1,652,083
Self-Employment Services	-	-	23,979	-	-	-	1,178,288	597,081	38,959
Educational Services	-	-	2	-	-	-	200,859	211,849	6,639
Health and Social Services	-	-	708	-	-	-	4,223,912	425,451	116,035
Other	**33,542,585**	**39,363**	**221,099**	**-**	**-**	**4,183,638**	**5,966,179**	**49,622,028**	**2,253,139**
Total	**60,832,299**	**98,192**	**378,860**	**-**	**-**	**28,674,841**	**88,502,398**	**73,967,558**	**6,674,515**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

1 - Conditional and unconditional receivables from central governments and Central Banks
2 - Conditional and unconditional receivables from regional or local governments
3 - Conditional and unconditional receivables from administrative bodies and noncommercial enterprises
4 - Conditional and unconditional receivables from multilateral development banks
5 - Conditional and unconditional receivables from international organizations
6 - Conditional and unconditional receivables from banks and brokerage houses
7 - Conditional and unconditional receivables from corporates
8 - Conditional and unconditional receivables from retail portfolios
9 - Conditional and unconditional receivables secured by mortgages
10 - Past due receivables
11 - Receivables defined under high risk category by BRSA
12 - Securities collateralized by mortgages
13 - Securitization positions
14 - Short-term receivables from banks, brokerage houses and corporates
15 - Investments similar to collective investment Funds
16 - Investment in equities
17 - Other receivables

Exposure Categories[*]										
10	11	12	13	14	15	16	17	TL	FC	Total
95,173	**36,519**	**-**	**-**	**-**	**-**	**-**	**-**	**2,465,210**	**230,093**	**2,695,303**
92,562	35,990	-	-	-	-	-	-	2,354,452	86,385	2,440,837
10	-	-	-	-	-	-	-	8,945	-	8,945
2,601	529	-	-	-	-	-	-	101,813	143,708	245,521
247,069	**58,712**	**-**	**-**	**-**	**-**	**-**	**-**	**17,781,014**	**22,592,736**	**40,373,750**
5,104	585	-	-	-	-	-	-	358,586	150,095	508,681
232,489	58,127	-	-	-	-	-	-	16,871,445	17,457,563	34,329,008
9,476	-	-	-	-	-	-	-	550,983	4,985,078	5,536,061
286,324	**127,057**	**-**	**-**	**-**	**-**	**-**	**-**	**7,566,183**	**2,599,897**	**10,166,080**
984,990	**189,196**	**-**	**-**	**-**	**-**	**-**	**-**	**36,428,064**	**75,662,475**	**112,090,539**
490,061	139,774	-	-	-	-	-	-	19,145,359	4,334,782	23,480,141
24,640	7,052	-	-	-	-	-	-	756,056	3,579,378	4,335,434
20,835	2,512	-	-	-	-	-	-	1,627,724	14,405,662	16,033,386
497	452	-	-	-	-	-	-	11,201,790	41,739,685	52,941,475
393,435	19,804	-	-	-	-	-	-	1,087,596	7,113,621	8,201,217
21,275	7,661	-	-	-	-	-	-	1,147,158	720,085	1,867,243
26,152	8,368	-	-	-	-	-	-	415,815	38,054	453,869
8,095	3,573	-	-	-	-	-	-	1,046,566	3,731,208	4,777,774
381,057	**79,170**	**-**	**-**	**-**	**-**	**1,909,620**	**8,616,464**	**82,887,914**	**23,926,428**	**106,814,342**
1,994,613	**490,654**	**-**	**-**	**-**	**-**	**1,909,620**	**8,616,464**	**147,128,385**	**125,011,629**	**272,140,014**

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

Analysis of maturity-bearing exposures according to remaining maturities(*):

	Term To Maturity				
Current Period Exposure Categories	**Up to 1 month**	**1-3 month**	**3-6 months**	**6-12 months**	**Over 1 year**
Conditional and unconditional receivables from central governments and Central Banks	2,559,232	2,252,336	322,789	1,807,675	38,301,974
Conditional and unconditional receivables from regional or local governments	-	-	3,656	-	175,226
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	601	753	9,746	6	195,413
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	8,992,416	9,209,816	782,541	6,024,921	4,959,909
Conditional and unconditional receivables from corporates	8,119,331	10,569,045	11,324,719	15,120,906	53,181,052
Conditional and unconditional receivables from retail portfolios	4,876,286	7,753,065	7,522,719	11,769,701	28,611,822
Conditional and unconditional receivables secured by mortgages	118,023	292,342	727,457	1,126,423	11,430,203
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	12,719,133
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
Investments similar to collective investment Funds	-	-	-	-	-
Investment in equities	7,674	-	-	-	-
Other receivables	-	-	-	-	-
Generall Total	**24,673,563**	**30,077,357**	**20,693,627**	**35,849,632**	**149,574,732**

(*) Risk amounts prior to Loan Reduction, After the Loan conversion rates are given.

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

Prior Period Risk Classification	Term To Maturity Up to 1 month	1-3 month	3-6 months	6-12 months	Over 1 year
Conditional and unconditional receivables from central governments and Central Banks	5,378,348	601,561	465,873	1,191,926	28,216,576
Conditional and unconditional receivables from regional or local governments	-	-	-	-	98,159
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	790	64,556	77,688	27,862	196,746
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	6,166,408	4,665,263	870,505	918,296	5,875,624
Conditional and unconditional receivables from corporates	8,801,043	6,542,981	9,273,487	11,861,432	46,282,400
Conditional and unconditional receivables from retail portfolios	3,574,906	5,402,415	6,026,649	8,328,782	34,209,274
Conditional and unconditional receivables secured by mortgages	60,566	284,686	209,111	429,146	5,609,722
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	350	-	881
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
Investments similar to collective investment Funds	-	-	-	-	-
Investment in equities	7,674	-	-	-	-
Other receivables	-	-	-	-	-
General Total	**23,989,735**	**17,561,462**	**16,923,663**	**22,757,444**	**120,489,382**

(*) Risk amounts prior to Loan Reduction, After the Loan conversion rates are given.

Exposures by risk weights:

Current Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	Deductions from Equity
1. Exposures Before Credit Risk Mitigation	96,792,187	-	13,795,968	-	35,922,633	80,409,985	138,720,007	14,155,145	-	-	26,594	995,430
2. Exposures After Credit Risk Mitigation	96,450,222	-	8,254,658	2,110,492	24,595,077	73,240,114	130,861,186	13,702,564	-	-	26,594	995,430

Prior Period

Risk Eight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2%	Deductions from Equity
1. Exposures Before Credit Risk Mitigation	62,868,160	-	5,891,050	-	21,915,704	77,273,176	103,627,147	490,654	-	-	74,123	587,226
2. Exposures After Credit Risk Mitigation	62,942,409	-	3,002,732	2,266,686	15,104,035	68,841,164	97,669,596	490,637	-	-	74,123	587,226

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

Information by major sectors and type of counterparties:

Information about impaired credits and past due credits and value adjustments and provisioning methods are described in Section IV Part 2.

Current Period	Loans(*)			Provisions	
	Impaired Loans (TFRS 9)				
Major Sectors / Counterparties	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)	Non-Performing (Regulation of Provision)	Expected Credit Loss Provisions (TFRS 9)	(Regulation of Provision)
1. Agriculture	**251,454**	**451,157**	**-**	**289,430**	**-**
1.1. Farming and Livestock	248,085	370,225	-	255,233	-
1.2. Forestation	1,819	78,577	-	31,853	-
1.3. Fishing	1,550	2,355	-	2,344	-
2. Industrial	**1,944,161**	**1,572,015**	**-**	**1,717,924**	**-**
2.1. Mining and Quarrying	23,286	111,473	-	63,464	-
2.2. Manufacturing Industry	1,902,286	1,136,513	-	1,301,989	-
2.3. Electricity. Gas. Water	18,589	324,029	-	352,471	-
3. Construction	**1,013,482**	**1,329,720**	**-**	**1,034,844**	**-**
4. Services	**11,926,149**	**3,552,235**	**-**	**4,812,317**	**-**
4.1. Wholesale and Retail Commerce	1,602,091	1,928,118	-	1,805,898	-
4.2. Hotel and Restaurant Services	966,052	392,321	-	383,648	-
4.3. Transportation and Communication	276,018	140,079	-	151,353	-
4.4. Financial Corporations	7,916,880	825,439	-	1,967,628	-
4.5. Real Estate and Loan Services	94,351	27,810	-	43,251	-
4.6. Independent Business Services	598,745	122,167	-	284,680	-
4.7. Education Services	38,197	67,775	-	42,250	-
4.8. Health and Social Services	433,815	48,526	-	133,609	-
5. Other	4,057,337	2,611,020	-	2,694,362	-
6. Total	**19,192,583**	**9,516,147**	**-**	**10,548,877**	**-**

(*) Represents the distribution of cash loans.

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

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Prior Period	Loans(*)			Provisions	
	Impaired Loans (TFRS 9)				
Major Sectors / Counterparties	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)	Non-Performing (Regulation of Provision)	Expected Credit Loss Provisions (TFRS 9)	(Regulation of Provision)
1. Agriculture	**502,782**	**397,797**	**-**	**330,764**	**-**
1.1. Farming and Livestock	499,944	338,592	-	309,401	-
1.2. Forestation	1,026	48,137	-	12,561	-
1.3. Fishing	1,812	11,068	-	8,802	-
2. Industrial	**2,037,183**	**1,561,724**	**-**	**1,694,668**	**-**
2.1. Mining and Quarrying	51,022	60,630	-	40,659	-
2.2. Manufacturing Industry	1,977,375	1,146,456	-	1,292,515	-
2.3. Electricity. Gas. Water	8,786	354,638	-	361,494	-
3. Construction	**1,490,881**	**1,017,156**	**-**	**1,138,072**	**-**
4. Services	**7,609,441**	**3,735,467**	**-**	**3,893,844**	**-**
4.1. Wholesale and Retail Commerce	1,697,596	2,153,796	-	1,979,049	-
4.2. Hotel and Restaurant Services	660,514	273,120	-	322,911	-
4.3. Transportation and Communication	361,111	136,880	-	175,556	-
4.4. Financial Corporations	3,793,961	894,057	-	1,020,668	-
4.5. Real Estate and Loan Services	79,298	26,803	-	41,389	-
4.6. Independent Business Services	541,342	120,911	-	173,794	-
4.7. Education Services	47,468	82,940	-	58,198	-
4.8. Health and Social Services	428,151	46,960	-	122,279	-
5. Other	**3,230,384**	**2,811,222**	**-**	**3,041,626**	**-**
6. Total	**14,870,671**	**9,523,366**	**-**	**10,098,974**	**-**

(*) Represents the distribution of cash loans.

Movements in value adjustments and provisions

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1. Stage 3 Provisions(**)	7,133,072	2,197,301	(973,373)	(1,224,843)	7,132,157
2. Stage 1 and 2 Provisions	4,184,843	2,416,564	(819,285)	-	5,782,122

(*) Represents the provision of loans written-off.
(**) Demonstrates provision movement of Stage 3 cash loans.

Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments(*)	Closing Balance
1. Stage 3 Provisions(**)	6,180,327	1,752,117	(750,859)	(48,513)	7,133,072
2. Stage 1 and 2 Provisions	2,664,452	2,040,212	(519,821)	-	4,184,843

(*) Represents the provision of loans written-off.
(**) Demonstrates provision movement of Stage 3 cash loans.

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

Exposures subject to countercyclical capital buffer:

The exposures subject to countercyclical capital buffer table prepared in accordance with the communiqué "Regulation on Capital Conservation and Countercyclical Capital buffers of Banks" published in the Official Gazette no. 28812 dated 5 November 2013 is presented below:

Information on private sector receivables:

Current Period Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	238,366,466	-	238,366,466
Malta	621,516	-	621,516
Other	1,243,149	-	1,243,149
Total	**240,231,131**	**-**	**240,231,131**

Prior Period Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	159,057,926	-	159,057,926
Malta	496,750	-	496,750
Other	684,090	-	684,090
Total	**160,238,766**	**-**	**160,238,766**

2. Risk Management and General Disclosures regarding Risk Weighted Amounts

2.1. GBA - Risk management approach of the group:

a) The way risk profile of the Group is determined by business model and the interaction between (e.g. key risks related to business model and in which way those risks are reflected to disclosures) and in which way the risk profile of the Group is related to risk appetite approved by board of directors.

Group acknowledges that business and strategy risks are material since the Group's growth oriented business plan is sensitive to changes in market conditions. From this point of view, Group classifies business and strategy risk as an important risk. Group reviews its 5 year long term business plans once a year periodically. If the economic developments and market conditions require, then business plans are reviewed and revised more often.

b) Risk management structure: Allocation of responsibilities in the Group (e.g. supervision and delegation of authorization; separation of responsibilities with respect to their risk type, business unit etc.; relations between structures included in risk management processes [e.g. board of directors, senior management, separate risk committee, risk management unit, legal compliance, internal audit function)

Group's risk measurement, monitoring, and control functions have clearly defined responsibilities that are sufficiently independent from position/risk taking functions. Risk exposures are directly reported to Senior Management and the Board of Directors/Board Risk Committee. Group's internal control systems are designed to provide adequate segregation of duties, in order to prevent conflicts of interest with respect to the distinct functions of undertaking, approving, monitoring and controlling risks. In particular the functions that undertake transactions (front line) are administratively and operationally separate from the functions of, confirmation, accounting and settlement of transactions, as well as the safekeeping of the assets of the Group or its customers.

Risk management governance at the Group starts with the Board of Directors. The Board Risk Committee ("BRC"), Audit Committee (the "AC"), Assets and Liabilities Committee (the "ALCO"), Corporate and Retail Credit Policy Committee ("CPC"), Operational Risk Management Committee ("ORC"), Reputation Risk Management Committee and Risk Management Department are the important bodies of the risk management structure. The Board of Directors determines the general risk policy and the risk appetite of the Group.

The AC is responsible for supervising whether the Group complies with the provisions of applicable risk management legislation, and the internal risk management policies and procedures approved by the BoD. The AC reviewing whether the Group has the methods, instruments and procedures required for identifying, measuring, monitoring and controlling the risk exposures of the Group.

The ALCO, meeting monthly, is responsible for monitoring and managing the structural asset-liability mismatches of the Group, as well as monitoring and controlling liquidity risk and foreign currency exchange risk.

The CPC meets monthly and is responsible for monitoring and evaluating the Group's lending portfolio and determining principles and policies regarding the credit risk management processes such as loan approval, limit setting, rating, monitoring and problem management. The ORMC meets every three months and is responsible for reviewing operational risk issues of the Group and defining the necessary actions to be taken to minimize these risks. The Reputation Risk Management Committee is established to identify, evaluate and monitor the reputational risks that the Group is exposed to and to take necessary actions to prevent risks and meets quarterly.

The Risk Management Department, working independently from the executive functions and reporting to the Board of Directors, is organized under three main section as market risk, credit risk, operational risk and model validation, each having responsibility for identifying, measuring, monitoring, controlling and managing the relevant risks as well as for model validation, assessing the predictive ability of risk estimates and the use of ratings in credit processes.

The Compliance function is ensuring, through proper procedures, that the requirements and deadlines provided for by the regulatory framework in force are observed. This includes in particular anti-money laundering and terrorist financing regulation. In doing so, the compliance function informs all Group employees on the relevant changes to the regulatory framework and provides guidance on the required changes to internal rules and processes. Moreover, the Compliance function cooperates as appropriate with the Risk Management unit, as compliance risk is considered a subcategory of operational risk.

Internal audit function acts as one of the three lines of defense of Group risk Management model and provides the independent review function. Risk assessments at internal audit are carried out by internal audit department by paying attention to exposures that Group has and controls relevant to them during audit works.

c) Channels which are used to extend and apply risk culture in the Group (e.g. behavior rules, manuals including operation limits or procedures which shall be applied when the risk limits are exceeded, procedures regarding sharing of risk matters between business units and risk units)

The Risk Appetite Statement stands out as the basic risk management policy document in which the Group defines its risks and determines its risk appetite and management principles. It also defines current and targeted risk profile and appetite, risk management organization, and core risk management capabilities.

Corporate and Retail Loan Policies and application directions also determines the Group's credit risk management workflow and procedures.

TFRS 9 Impairment Policy is to define TFRS 9 Impairment and related activities to be performed in accordance with the requirements of TFRS 9 Implementation Guide. The policy is to determine the roles and responsibilities of the Group units within the framework of TFRS 9, to determine the changes specific to TFRS 9 apart from the existing credit policy guidelines, to establish guidelines for TFRS 9 risk monitoring, control and reporting activities, and to establish the TFRS 9 Impairment framework applied within the Group. aims to provide.

Corporate Rating Governance Policy regulates the internal governance framework for corporate and commercial segment risk rating system operations.

Capital Management Policy sets a framework for managing capital requirements and adequacy assessment, capital planning, capital measurement and monitoring, capital allocation, risk-adjusted aims to establish performance measurement and pricing principles.

Counterparty Credit Risk Policy, the risk strategy determined by the Bank with risk policies and local legislation in comply with effective and sufficient counterparty credit risk management with caution, constant to establish based on the principles of applicability.

Country Risk Policy is to set a consistent framework for the identification, management and reporting of country risk that QNB Finansbank is exposed to through its counterparties in different countries.

The Market Risk Management Policy determines the key principles underlying the operations of the Group in money and capital markets including limit structure.

Banking Account Interest Rate Risk (BHFOR) Policy sets the basic principles for the management of interest rate risk related to banking activities other than trading accounts.

The liquidity policy outlines the Group's view and identifies the guidelines for incurring, retaining and managing liquidity risk.

The Fair Value Policy aims to define the main principles, roles and responsibilities for measuring the fair value of financial instruments in accordance with accounting provisions and regulatory principles.

Investment Portfolio Risk Policy ensures that the activities related to the management of the Group's investment portfolio are carried out in accordance with generally accepted practices. This policy explains the objectives and targets of the investment portfolio, whose management is given to the Treasury Trading and Asset-Liability Management units by the Asset-Liability Committee (ALCO). It also defines the management and risk control framework for managing and maintaining the investment portfolio.

The Operational Risk Management Policy ensures that all the Group's stakeholders manage operational risk within a formalized framework aligned to business objectives.

Reputation Risk Policy, identifies the rules and frame of managing the reputation risk.

The Environmental and Social Risk Policy (Policy) sets forth QNB Finansbank's approach to environmental and social issues in line with the sustainability policy, strategy and ESG (Environmental, Social, Governance) commitments of QNB Group and QNB Finansbank.

d) Key elements and scope of risk measurement systems

Consistent across the Group internal risk rating systems appropriate to the nature, size and complexity of each activity and fully integrated in credit processes. The internal risk rating system employs appropriate credit risk rating models the scope and coverage of which are adequate to accommodate the Group's strategic aspirations and regulatory requirements. In particular, the Group's internal rating systems form the basis of capital assessment and allocation and constitute a key element of risk adjusted performance measurement, pricing and profitability measurement.

Information systems and analytical techniques that enable measurement of credit risk inherent in all relevant activities, providing adequate information on the composition of the credit portfolio of the Group, including identification of any concentrations of risk.

The Market Risk Management Policy determines the key principles underlying the operations of the Group in money and capital markets. Key principles of Market Risk Management Framework are:

- The Board Risk Committee is responsible for ensuring that market risk strategy and policy are consistently implemented. This includes:
- Implementation of the market risk management policy;
- Designation of risk limits;
- Definition of responsibilities for every unit involved in market risk management;
- Ongoing market risk monitoring and control, ensuring that risk appetite remains within the approved limits;
- Setting up appropriate IT systems for evaluating and monitoring the risks taken;
- Setting up standard models for market risk positions valuation and performance evaluation;
- Setting up comprehensive reporting and internal control systems;
- Providing for the maintenance of an adequate level of regulatory capital against the market risk undertaken; and
- Providing for the disclosure of information regarding the type and level of the market risk assumed and for the implementation of policies for the management thereof.

e) Disclosures regarding risk reporting processes provided to Board of Directors and senior management (especially on the scope and main content of reporting)

Monthly risk reports are submitted to the Board of Directors and Board Risk Committee. These executive reports include information related to capital adequacy, Market Risk, Credit Risk, Counterparty Credit Risk and Operation Risk.

Credit Risk section of the report consists of three main sub sections such as general Outlook, business Loans and retail Loans, and include:

- Basic risk appetite parameters in the Group Risk Management Strategy;
- Exposures by segments, monthly and annual changes, portfolio growth;
- Sector concentration and risk metrics;
- Delinquency amounts, product types and delinquencies by segments, new NPLs and recoveries from NPLs;
- Detailed watch list analyses for business segments;
- Rating distributions, PD distributions, expected loss trend, collateral structure;
- New NPLs, vintage analyses, recoveries by segments and products;
- Restructured credits by segments;
- Derivative products exposures by segments, stress testing; and
- Credit risk information regarding subsidiaries.

The Risk Management Division is required to inform Senior Management and Board Member who is responsible from Internal Systems on Market Risk of Trading Book and AFS portfolio.

Reports are prepared daily and indicatively include the following:

- Estimation of the VaR on aggregate basis and by type of risk (interest rate, FX, equity);
- Estimation of Stress VaR on aggregate basis and by type of risk (interest rate, FX, equity);
- Sensitivity of the Trading Book and AFS portfolio;
- Nominal values of bond portfolios;
- A breakdown of the portfolio and the relevant limits utilization;
- Utilization of limits on option Greeks; and
- Sensitivity of credit derivatives to credit spread changes.

In addition, Board of Directors Risk Committee Report is prepared monthly in a way covering abovementioned market risk metrics and stress tests in order to be presented to Board of Directors and Risk Committee.

Operational Risk segment reporting broadly covers the following:

- Operational risk loss events experienced in the group;
- Key risk indicators and risk metrics; and
- Action tracking.

f) Disclosures regarding stress test (e.g. assets included in stress test, adapted scenarios and used methodologies and use of stress test in risk management)

Stress tests constitute the center of capital planning within the scope of the Group's APICA (Assessment Process of Internal Capital Adequacy). The Bank's general principles on the stress testing framework can be summarized as follows:

- Comprehensive stress testing, aggregated per risk category, is conducted at least annually on year end data and business plan;
- Stress testing is integrated to the ICAAP document which is subject to Board of Directors approval;
- A historical scenario is selected as an anchor scenario to be used on the construct of base adverse scenario for the stress test use. However, final scenario is applied by enriching with hypothetical components as independent from anchor scenario;
- Bank's stress testing framework encompasses sensitivity tests;
- The impact of the stress testing on the Group's financial strength and capital position are analyzed through some key ratios and key items including but not limited to the following: Non-performing Loan Ratio, Return of Equity, Return on Asset, Leverage Ratio, Core Tier I Ratio, Capital Adequacy Ratio, Loan Balances, Balance Sheet Items, Income Statement Items; and
- Stress testing framework encompasses reverse stress testing.

In scenarios using stress testing, as a result of increase in non-performing loans due to significant deterioration in asset quality and a decrease in capital adequacy, The Group's ability to meet capital-strengthening actions and cash outflows that may occur in case of a possible liquidity crisis were tested. In this context, when the potential risks created and to be created by Covid are evaluated, it is thought that the Bank has the power to be able to act at an adequate level.

Market Risk Management defines the stress test approaches as below:

- To move the risk factors parallel in one direction;
- To move the risk factors non parallel; and
- To perform tests to the existing portfolio based on past extreme situations.

Trading book consists of Financial Assets at Fair Value Through Profit or Loss securities, Financial Assets at Fair Value Through Profit or Loss derivatives and open currency positions which are clearly defined in Market Risk Management Policy.

Within the scope of liquidity stress test to identify possible sources of liquidity weaknesses, scenarios that are specific to the bank, related to the market in general and taking both situations into account have been defined. Thus, the Group's ability to meet its obligations during a funding crisis is tested. The Group has had four different stress tests measuring how much it can meet its promises, without providing any new funds from the market or at very low levels of funds, cumulative cash outflows. During the coronavirus epidemic, the scenarios were reviewed by observing the financial movements and the minimum life expectancy of the Bank and it has been observed that it is resistant to stress over 30 days.

g) Risk management, protection and mitigation strategies and process of the Group sourcing from its business model and Monitoring processes of continuing effects of protection and mitigation

Forecasts related to effectiveness of credit risk mitigation methods and collection ability of the Group associated with miscellaneous collateral types are stated with consideration ratios on the basis of collaterals. The aforementioned ratios are determined based on long term historical observations of the Group and judgement of expert business units and most importantly with precautionary principle.

It is also possible to mention that a similar precautionary level is reflected to "Communique on Credit Risk Mitigation Techniques" over conditions and legal haircut ratios required to consider collaterals as risk mitigating element. However, the Group only considers cash and cash equivalent collaterals during the calculation of capital adequacy. Consideration types of cash and cash equivalent collaterals are relatively simple and values of such collaterals reflects current market prices as of reporting dates.

Operational requirements has been increased in order to consider such collaterals as well as Basel II with respect to risk weighted applications of credits secured with commercial and residential immovable property mortgage.

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

GB1 - Overview of risk weighted assets:

		Risk Weighted Assets		Minimum Capital Requirements	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
1.	Credit risk (excluding counterparty credit risk)	212,756,907	154,414,869	17,020,553	12,353,189
2.	Standardised approach	212,756,907	154,414,869	17,020,553	12,353,189
3.	Internal rating-based approach	-	-	-	-
4.	Counterparty credit risk	9,896,598	5,605,940	791,728	448,475
5.	Standardised approach for counterparty credit risk	9,896,598	5,605,940	791,728	448,475
6.	Internal model method	-	-	-	-
7.	Basic risk weight approach to internal models equity position in the banking account	-	-	-	-
8.	Investments made in collective investment companies - look-through approach	-	-	-	-
9.	Investments made in collective investment companies - mandate-based approach	-	-	-	-
10.	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-	-
11.	Settlement risk	-	-	-	-
12.	Securitisation exposures in banking accounts	-	-	-	-
13.	IRB ratings-based approach	-	-	-	-
14.	IRB Supervisory Formula Approach	-	-	-	-
15.	SA/simplified supervisory formula approach	-	-	-	-
16.	Market risk	5,888,475	3,907,213	471,078	312,577
17.	Standardised approach	5,888,475	3,907,213	471,078	312,577
18.	Internal model approaches	-	-	-	-
19.	Operational risk	17,771,434	15,499,021	1,421,714	1,239,922
20.	Basic Indicator Approach	17,771,434	15,499,021	1,421,714	1,239,922
21.	Standardised Approach	-	-	-	-
22.	Advanced Measurement Approach	-	-	-	-
23.	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24.	Floor adjustment	-	-	-	-
25.	**TOTAL(1+4+7+8+9+10+11+12+16+19+23+24)**	**246,313,414**	**179,427,043**	**19,705,073**	**14,354,163**

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

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3. Linkages between financial statements and risk amounts

3.1. B1- Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts:

			Carrying values of items in accodance with TAS			
Current Period Assets	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with TAS	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitization framework	Subject to market risk
Cash and balances with the Central Bank	70,290,905	70,287,488	70,294,571	-	-	-
Trading Financial Assets(*)	9,842,852	9,842,852	-	9,839,432	-	5,227,730
Financial Assets at Fair Value Through Profit or Loss	562,736	774,458	537,617	-	-	339,126
Banks	17,684,194	15,816,302	15,819,972	-	-	-
Money Market Placements	159,508	159,508	-	159,508	-	-
Financial Assets Available-for-Sale (Net)	19,691,782	19,677,747	19,677,747	8,052,567	-	-
Loans and Receivables	198,376,037	197,854,995	203,085,571	-	-	-
Factoring Receivables	3,727,952	3,810,518	3,810,518	-	-	-
Held-to-maturity investments (Net)	29,847,182	29,847,183	29,856,976	14,938,096	-	-
Investment in Associates (Net)	-	14,027	14,027	-	-	-
Investment in Subsidiaries (Net)	-	38,046	38,046	-	-	-
Investment in Joint ventures (Net)	210,971	218,294	218,294	-	-	-
Lease Receivables	11,401,832	10,689,748	10,689,748	-	-	-
Derivative Financial Assets Held For Hedging(*)	11,963,432	11,963,432	-	11,963,432	-	-
Property And Equipment (Net)	3,731,530	3,773,645	3,694,515	-	-	-
Intangible Assets (Net)	669,817	569,455	-	-	-	-
Investment Property (Net)	-	-	-	-	-	-
Tax Asset	346,969	343,730	343,730	-	-	-
Assets Held For Resale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Other Assets	4,602,348	8,167,584	8,176,087fv	-	-	-
Total Assets	**383,110,047**	**383,849,012**	**366,257,419**	**44,953,035**	**-**	**5,566,856**
Liabilities						
Deposits	236,219,701	225,876,579	-	-	-	-
Derivative Financial Liabilities Held for Trading(**)	10,784,969	10,784,969	-	-	-	-
Funds Borrowed	37,171,251	37,252,267	-	-	-	-
Money Markets	18,123,446	18,190,614	-	18,190,614	-	-
Marketable Securities Issued	29,800,057	29,802,816	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous Payables(***)	8,499,110	18,846,635	-	-	-	-
Other Liabilities(***)	4,170,744	4,788,052	-	-	-	-
Factoring Payables	-	-	-	-	-	-
Lease Payables	487,262	487,262	-	-	-	-
Derivative Financial Liabilities Held For Hedging(**)	1,998,921	1,998,921	-	-	-	-
Provisions	1,651,362	1,648,401	-	-	-	-
Tax Liability	167,723	167,723	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Loans	11,852,564	11,852,564	-	-	-	-
Shareholder's Equity	22,182,937	22,152,209	-	-	-	-
Total Liabilities	**383,110,047**	**383,849,012**	**-**	**18,190,614**	**-**	**-**

(*) Financial assets held for trading and derivative financial assets for hedging purposes are included in the "Derivative Financial Assets" item in the financial statements.

(**) Financial liabilities held for trading and derivative financial liabilities for hedging purposes are included in the "Derivative Financial Liabilities" item in the financial statements.

(***) Miscellaneous payables and other liabilities are presented under "Other Liabilities" items in the financial statements.

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

			Carrying values of items in accodance with TAS			
Prior period Assets	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with TAS	Subject to credit risk	Current period Assets	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with TAS
Cash and balances with the Central Bank	27,404,662	27,403,062	27,406,461	-	-	-
Trading Financial Assets(*)	4,571,117	4,571,117	-	4,444,622	2,796,219	-
Financial Assets at Fair Value Through Profit or Loss	506,546	623,375	116,829	-	367,738	-
Banks	6,687,049	1,505,567	1,515,756	-	-	-
Money Market Placements	752,392	752,392	409,658	342,734	-	-
Financial Assets Available-for-Sale (Net)	15,204,138	15,190,114	15,190,114	7,654,584	-	-
Loans and Receivables	137,336,827	136,949,345	140,921,369	-	-	47,793
Factoring Receivables	2,127,916	2,210,447	2,210,447	-	-	-
Held-to-maturity investments (Net)	18,733,201	18,733,200	18,743,356	7,500,243	-	-
Investment in Associates (Net)	-	14,027	14,027	-	-	-
Investment in Subsidiaries (Net)	-	38,038	38,038	-	-	-
Investment in Joint ventures (Net)	218,587	185,855	185,855	-	-	-
Lease Receivables	7,427,403	7,172,798	7,172,798	-	-	-
Derivative Financial Assets Held For Hedging(*)	4,658,040	4,658,040	-	4,658,040	-	-
Property And Equipment (Net)	3,525,049	3,489,185	3,421,037	-	-	68,148
Intangible Assets (Net)	540,458	520,715	-	-	-	471,285
Investment Property (Net)	-	-	-	-	-	-
Tax Asset	1,036,556	1,063,710	1,063,710	-	-	-
Assets Held For Resale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Other Assets	3,768,279	9,938,734	9,946,767	-	-	-
TOTAL ASSETS	**234,498,220**	**235,019,721**	**228,356,222**	**24,600,223**	**3,163,957**	**587,226**
Liabilities						
Deposits						
Derivative Financial Liabilities Held for Trading(**)	130,267,568	130,274,856	-	-	-	-
Funds Borrowed	6,485,477	6,485,477	-	-	2,727,329	-
Money Markets	25,836,830	25,896,890	-	-	-	-
Marketable Securities Issued	19,310,002	14,994,670	-	14,994,670	-	-
Funds	14,713,256	14,723,958	-	-	-	-
Miscellaneous Payables(***)	-	-	-	-	-	-
Other Liabilities(***)	4,906,988	9,243,606	-	-	-	-
Factoring Payables	2,697,251	3,139,806	-	-	-	-
Lease Payables	-	-	-	-	-	-
Derivative Financial Liabilities Held For Hedging(**)	432,075	432,075	-	-	-	-
Provisions	1,670,987	1,670,987	-	-	-	-
Tax Liability	1,126,937	1,134,132	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (Net)	1,077,742	1,077,742	-	-	-	-
Subordinated Loans	-	-	-	-	-	-
Shareholder's Equity	6,704,294	6,704,294	-	-	-	-
TOTAL LIABILITIES	19,268,813	19,241,228	-	-	-	-
Assets	**234,498,220**	**235,019,721**	**-**	**14,994,670**	**2,727,329**	**-**

(*) Financial assets held for trading and derivative financial assets for hedging purposes are included in the "Derivative Financial Assets" item in the financial statements.

(**) Financial liabilities held for trading and derivative financial liabilities for hedging purposes are included in the "Derivative Financial Liabilities" item in the financial statements.

(***) Miscellaneous payables and other liabilities are presented under "Other Liabilities" items in the financial statements.

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

3.2. B2- Main sources of differences between regulatory exposure amounts and carrying values in financial statements:

	Current period	Total	Subject To Credit Risk	Subject to the Securitization	Subject to the Securitization	Subject To Market Risk
1.	Asset carrying value amount under scope of regulatory consolidation (as in template B1)	416,777,310	366,257,419	-	44,953,035	5,566,856
2.	Liabilities carrying value amount under regulatory scope of consolidation (as in template B1)	18,190,614	-	-	18,190,614	-
3.	Total net amount under regulatory scope of consolidation	398,586,696	366,257,419	-	26,762,421	5,566,856
4.	Off-Balance Sheet Amount	205,902,080	37,004,161	-	-	-
5.	Differences due to different netting rules (except 2)	321,619	-	-	-	321,619
6.	Repo transactions	1,470,527	-	-	1,470,527	-
7.	Decrease in counterparty credit risk as a result of netting	2,310,393	-	-	2,310,393	-
8.	Potential credit risk amount calculated for the counterparty	(19,636,270)	(6,594,164)	-	(13,042,106)	-
9.	Differences due to credit risk reduction	-	(64,927,744)	-	-	-
10.	Average exchange rate effect(*)	588,955,045	331,739,672	-	17,501,235	5,888,475
	Risk amounts		**366,257,419**	**-**	**44,953,035**	**5,566,856**

(*) It shows the average exchange rate effect used in credit risk calculation within the scope of the BRSA's Resolution dated 21 December 2021.

	Prior Period	Total	Subject To Credit Risk	Subject to the Securitization	Subject To Counterparty Credit Risk	Subject To Market Risk
1.	Asset carrying value amount under scope of regulatory consolidation (as in template B1)	256,120,402	228,356,222	-	24,600,223	3,163,957
2.	Liabilities carrying value amount under regulatory scope of consolidation (as in template B1)	17,721,999	-	-	14,994,670	2,727,329
3.	Total net amount under regulatory scope of consolidation	238,398,403	228,356,222	-	9,605,553	436,628
4.	Off-Balance Sheet Amount	145,382,011	27,362,975	-	-	-
5.	Differences due to different netting rules (except 2)	3,470,584	-	-	-	3,470,584
6.	Repo transactions	2,815,398	-	-	2,815,398	-
7.	Decrease in counterparty credit risk as a result of netting	-	-	-	-	-
8.	Potential credit risk amount calculated for the counterparty	1,528,451		-	1,528,451	-
9.	Differences due to credit risk reduction	(10,276,610)	(4,203,035)	-	(6,073,575)	-
10.	Average exchange rate effect(*)	(9,000,607)	(9,000,607)	-	-	-
	Risk amounts	**-**	**242,515,555**	**-**	**7,875,827**	**3,907,213**

(*) It shows the average exchange rate effect used in credit risk calculation within the scope of the BRSA's Resolution dated 8 December 2020.

3.3. BA - Disclosures regarding differences between amounts valued according to TAS and risk exposures:

a) None

b) There is no significant difference between amounts valued in accordance with TAS included in B2 and risk exposures except for "Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)". There is a significant difference between amounts valued according to TAS and risk exposures, since the securities which are subject to repurchase that include in Money Market Payables account item are subject to counter party risk.

3.3. BA - Disclosures regarding differences between amounts valued according to TAS and risk exposures:

c) Valuation methodologies regarding the disclosure related to use of Market Value and Model Value:

In general terms, market risk is the possibility of making loss as a result of changes occurring in the current market values of financial assets and positions in the Group's trading accounts. In this framework, the following elements of the Group, which must be reflected on balance sheet over their current market values (market to market), are included in market risk:

- Equity shares included in trading, investment fund participation documents, securities such as bonds and bills;
- Open foreign exchange position with respect to each foreign currency; and
- Derivative contracts (forwards) sensitive to interest changes and concluded for trading, future transactions, simple or complex options, swaps, credit derivatives are subject to market risk.. Classification of Trading Accounts are made in accordance with Appedix-3 of Regulation on Measurement and Evaluation of Bank's Capital Adequacy.

The Parent Bank calculates its value at market risk with standard method in the framework of "Regulation on Measurement and Evaluation of Bank's Capital Adequacy". Accordingly, capital requirement is reached through multiplying of total of general market risk, commodity risk, settlement risk, option risk to 12.5.

The Group's market risk basis value is reached by determining the amounts related to market risk. The details of the analysis are as follows:

- Commodity risk analysis: Simplified approach (Standard method);
- Interest rate risk analysis: General Market Risk Calculation (Standard method - maturity approach) - Specific risk calculation (Standard method);
- Equity share risk analysis: Position risk in equity share investments (Standard method);
- Exchange rate exposure analysis (Standard method); and
- Option risk analysis: Weighting method with delta factor (Standard method).

Securities such as equity share, bond and bills, whose market prices are monitored directly, and derivative products such as futures, which are traded in stock exchange, are reviewed over their transaction prices as of reporting date. If a security included in Financial Assets at Fair Value through Profit/Loss portfolio cannot be treated as of reporting date, it is evaluated over the price determined in scope of precautionary principles.

Market value of products, which are traded at over the counter markets such as forward foreign exchange, foreign exchange swaps and interest swaps, are calculated in line with discounting of cash flows over market interest rates. Market value of option transactions is performed based on softwares which are internationally accepted valuation methodologies.

Definition of independent price approval processes:

There are four main price parameters which shall have an impact on current market value of financial assets and positions held by the Banks:

- Market interest rates (bond, bill and derivative prices);
- Share prices;
- Exchange rates; and
- Gold, other precious metals and commodity prices.

Total risk of loss sourcing from price movements (interest, equity share, exchange and commodity risk) related to financial assets and positions are called as "general market risk".

Independency of price process in ensured through the recording and management of prices to Group systems by back office. In addition, the pricing and valuation systems in question are also reviewed and validated by Validation Unit. Details belonging to aforementioned valuation and accounting are strictly documented and monitored by Treasury Control Unit.

Processes for valuation adjustments or differences (It includes definition of process and methodology definition for the valuation of trading positions according to type of financial instrument)

TL borrowing instruments included in securities portfolio of Financial Assets at Fair Value through Profit/Loss account consist of government securities. The aforementioned securities are evaluated based on weighted average price traded in BIST. Market price is calculated based on CBT prices for TL securities not traded in BIST. Average of quotation of purchase and sell in the market are accepted as market price for Foreign Currency securities included in the same portfolio .

4. Credit Risk Disclosures

4.1. General Information on Credit Risk

4.1.1. CRD - general qualitative information on credit risk:

a) Conversion of The Parent Bank's business model to components of credit risk profile

The Parent Bank has forward-looking measurement and forecast instruments which are sensitive to risk and including appropriate information technology applications and management information systems in order to take expected or unexpected losses into account in all types of risk under both normal and also negative market conditions. The conversion of business model to components in risk profile is digitized through aforementioned instruments.

b) Criteria and approach used during the determination of credit risk policy and credit risk limits

Group credit policies have been established to form effective and satisfactory loan allocation processes based on prudence and applicability principles in a way that it is in line with the risk boundaries set by the Group, Group Credit Policies and legal authorities. Pillars of credit risk management policy in Group are;

- Rules and Regulations of BRSA (Banking Regulation and Supervision Agency);
- Decisions of institutions auditing QNB Group;
- Credit policies and procedures at bank level;
- Risk Appetite Statement Document;
- Corporate, commercial and SME banking credit policies and corporate grading management documents; and
- Individual credit and credit cards policies.

Risk Management Strategy is the main risk management policy document in which the risks of the Group are identified, and its risk appetite and managements principles are determined. Credit risk limits are annually reviewed in line with risk strategy.

c) Structure and organization of credit risk management and control function

All of the process related to direct or indirect credit allocation, extension, monitoring and operation of the Group in favour of individuals or legal entities are reviewed in scope of credit risk management. Activities related to capital management includes calculation of legal and economic capital requirement of annual and long term business plans of the Bank.

Activities related to Credit Risk and Capital Management are carried out by Credit Risk Analytic, Strategy and Capital Management unit. Group's Credit Risk organization, duties and responsibilities, related units and responsibilities of those units are identified in detail in the own Credit Policy documents of the Group, Risk Management Strategy Document and Risk Management Department operation instruction and also main principles, applications, limits and reporting processes, which are going to be adopted in Credit Risk Management, are included.

Main responsibilities of Credit Risk Management Department are as follows:

- To establish risk management policies and strategies related to risks exposed by the Group and to submit those policies and strategies for the approval of Board of Directors Risk Committee;
- To ensure fulfilment of risk identification, measurement, analysis, monitoring, control and mitigation activities in accordance with risk management policies and processes approved by Board of Directors and to report all significant in balance and off balance risks which are undertaken at group level to senior management;
- To make internal capital adequacy review covering all risks and to make forecasts related to course of capital adequacy ratio in the framework of long term business plans of the Group;
- To make periodic stress tests and scenario analysis and establish early warning systems;
- To support decision-making processes of the Group through providing reviews and risk point of view with respect to risk management;
- To develop of forecasting models/approaches and the measurement monitoring of portfolio credit risk through Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD); and
- Implementation of risk based Credit Classification and Expected Credit Loss calculations under TFRS 9, determination of credit risk measurement framework, development and implementation of relevant models / approaches.

d) Relationship between credit risk management, risk control, legal compliance and internal audit functions

Risk governance model includes three lines of defense consisting of:

- The risk taking units (lines of business) at the first level, responsible for assessing and minimizing risks for a given level of return;
- Risk Management Unit, at the second level, identifies, monitors, controls, quantifies risk, provides appropriate tools and methodologies, provides coordination and assistance; measures risk adjusted performance across the business lines; reports to appropriate levels and proposes mitigation measures, being supported by business lines, where the risk is actually created, and specialized units; and
- Internal Audit - provides the independent review function.

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

The Compliance function is ensuring, through proper procedures, that the requirements and deadlines provided for by the regulatory framework in force are observed. In doing so, the compliance function informs all Group employees on the relevant changes to the regulatory framework and provides guidance on the required changes to internal rules and processes. Moreover, the Compliance function cooperates as appropriate with the Risk Management unit, as compliance risk is considered a subcategory of operational risk.

Internal audit function acts as one of the three lines of defense of Group risk Management model and provides the independent review function. Risk assessments at internal audit are carried out by internal audit department by paying attention to exposures that Group has and controls relevant to them during audit works.

f) Disclosures regarding risk reporting processes provided to Board of Directors and senior management (especially on the scope and main content of reporting)

Monthly risk reports are submitted to the Board of Directors and Board Risk Committee. These executive reports include information related to capital adequacy, Market Risk, Credit Risk, Counterparty Credit Risk and Operational Risk. Report mainly consists of the following; changes in risk parameters, changes in exposures of segments, concentration and risk metrics, stress testing and results, delinquency amounts and ratios by segments, Stage 3 and Stage 2 rating and PD distributions, vintage analyses, collaterals, recoveries, restructurings. In addition to these monthly reports, a comparative analysis with banks, which is based on quarterly capital adequacy and credit risk metrics, is also reported to senior management and the board of directors.

4.2. CR1 Credit Quality of Assets:

	Gross carrying values of as per TAS			
Current Period	**Defaulted exposures**	**Non-defaulted exposures**	**Allowances/ impairments**	**Net value**
1. Loans(*)	9,516,147	201,781,415	7,132,156	204,165,406
2. Debt Securities	-	49,490,388	-	49,490,388
3. Off-balance sheet exposures	410,472	130,802,870	54,581	131,158,761
4. Total	**9,926,619**	**382,074,673**	**7,186,737**	**384,814,555**

(*) Includes financial assets at fair value through profit or loss in line with TFRS 9 amounting to TL209,671

	Gross carrying values of as per TAS			
Prior Period	**Defaulted exposures**	**Non-defaulted exposures**	**Allowances/ impairments**	**Net value**
1. Loans(*)	9,523,366	139,091,467	7,133,072	141,481,761
2. Debt Securities	-	33,916,771	-	33,916,771
3. Off-balance sheet exposures	353,323	93,000,379	48,284	93,305,418
4. Total	**9,876,689**	**266,008,617**	**7,181,356**	**268,703,950**

(*) Includes financial assets at fair value through profit or loss in line with TFRS 9 amounting to TL116,829

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

4.3. CR2 Changes in stock of defaulted loans and debt securities:

	Current Period	Prior Period
1. Defaulted loans and debt securities at end of the previous reporting period	9,523,366	8,731,496
2. Loans and debt securities that have defaulted since the last reporting period	3,131,039	2,421,720
3. Returned to non-defaulted status	-	-
4. Amounts written off	1,224,842	48,513
5. Other changes(**)	1,913,416	1,581,337
6. Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	**9,516,147**	**9,523,366**

(*) Includes sales of non-performing loan receivables amounting to TL1,019,989 in the current period (31 December 2020 - None).
(**) Includes collections from credits in default.

4.4. CRB - Additional disclosures related to credit quality of assets:

a) The criteria taken into consideration by the Parent Bank in determining the impairment are explained in footnote VIII of the third section.

b) There is no part of past due receivables which is not reviewed as "loans subject to provisioning".

c) The Group's specific provision calculation is explained in footnote VIII of the third section.

d) In receivables of the customers having difficulties in payment of receivables to the Bank or expected to have possible difficulties in payments then receivables in aforementioned scope are identified as "restructured receivables".

e) Exposures provisioned against by major regions, major sectors and remaining maturity

Exposures provisioned against by major regions:

Country	Current Period	Prior Period
Domestic	199,914,126	137,833,837
European Union (EU) Countries	632,806	499,318
USA, Canada	7,388	23,237
OECD Countries	1,532	187
Off-Shore Banking	591,399	321,970
Other Countries	634,165	412,919
Total	**201,781,416**	**139,091,468**

Includes Financial Assets at Fair Value Through Profit and Loss amounting to TL209,671 in accordance with TFRS 9 (31 December 2020 - TL116,829).

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

Exposures provisioned against by major sectors:

	Current Period	Prior Period
1. Agricultural	**2,179,822**	**2,420,350**
1.1. Farming and raising livestock	1,868,450	2,242,051
1.2. Forestry	11,919	7,661
1.3. Fishing	299,453	170,638
2. Manufacturing	**45,082,115**	**27,779,424**
2.1. Mining and Quarrying	525,255	322,996
2.2. Production	35,897,055	22,666,499
2.3. Electricity. Gas. Water	8,659,805	4,789,929
3. Construction	**6,882,725**	**6,364,791**
4. Services	**84,683,520**	**57,340,304**
4.1. Wholesale and retail trade	27,027,716	20,158,777
4.2. Hotel. food and beverage services	7,605,536	5,289,989
4.3. Transportation and telecommunication	24,608,341	15,321,475
4.4. Financial institutions	16,125,432	9,718,334
4.5. Real estate and leasing services	431,966	360,950
4.6. Self-employment services	2,149,942	1,606,066
4.7. Education services	384,891	411,683
4.8. Health and social services	6,349,697	4,473,030
5. Other	**62,953,234**	**45,186,599**
6. Total	**201,781,416**	**139,091,468**

Includes Financial Assets at Fair Value Through Profit and Loss amounting to TL209,671 in accordance with TFRS 9 (31 December 2020 - TL116,829).

4.4. CRB - Additional disclosures related to credit quality of assets:

Breakdown of Exposures according to remaining maturity:

Current Period	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Loans and Receivables(*)	-	36,365,387	23,074,462	65,726,182	66,055,120	18,750,119	209,971,270

Prior Period	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Loans and Receivables	-	25,072,468	16,342,877	43,232,941	45,308,579	13,985,432	143,942,297

(*) The related provisions have been deducted from current period balances.

f) Exposures provisioned against by major regions and sectors and loans written off during the period an uncollectible

Exposures provisioned against by major regions and loans written off during the period an uncollectible

Current Period	Loans subject to provision	Provision	Written-off from Assets
Turkey	9,498,907	7,115,777	1,224,842
EU Countries	1,015	154	-
USD, Canada	-	-	-
OECD Countries(*)	-	-	-
Off-shore Banking Regions	16,225	16,225	-
Other Countries	-	-	-
Total	**9,516,147**	**7,132,156**	**1,224,842**

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

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

Prior Period	Loans subject to provision	Provision	Written-off from Assets
Turkey	9,486,784	7,113,153	48,513
EU Countries	20,338	3,674	-
USD, Canada	-	-	-
OECD Countries(*)	-	-	-
Off-shore Banking Regions	16,225	16,225	-
Other Countries	19	20	-
Total	**9,523,366**	**7,133,072**	**48,513**

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

Exposures provisioned against by major sectors and loans written off

	Current Period			Prior Period		
	Loans subject to provision	Provision	Written-off from Assets	Loans subject to provision	Provision	Written-off from Assets
1. Agriculture	**451,157**	**290,968**	**22,542**	**397,797**	**231,856**	**1,761**
1.1. Farming and Raising Livestock	370,225	228,669	21,618	338,592	213,997	456
1.2. Forestry	78,577	31,559	788	48,137	9,332	1,305
1.3. Fishing	2,355	30,740	136	11,068	8,527	-
2. Industrial	**1,572,015**	**1,246,256**	**68,613**	**1,561,724**	**1,227,430**	**5,763**
2.1. Mining and Quarrying	111,473	35,665	2,052	60,630	23,533	2,377
2.2. Production	1,136,513	890,828	66,359	1,146,456	859,188	3,386
2.3. Electricity. Gas. Water	324,029	319,763	202	354,638	344,709	-
3. Construction	**1,329,720**	**753,557**	**39,176**	**1,017,156**	**603,888**	**18,369**
4. Services	**3,552,235**	**2,573,063**	**215,011**	**3,735,467**	**2,584,722**	**581**
4.1. Wholesale and Retail Trade	1,928,118	1,523,771	162,886	2,153,796	1,568,553	348
4.2. Hotel. Food and Beverage Services	392,321	254,098	22,955	273,120	200,091	43
4.3. Transportation and Communication	140,079	112,224	15,257	136,880	111,822	179
4.4. Financial Institutions	825,439	466,007	2,548	894,057	500,649	-
4.5. Real Estate and Renting Services	27,810	26,228	1,505	26,803	24,038	-
4.6. Self-Employment Services	122,167	96,859	5,754	120,911	94,036	11
4.7. Educational Services	67,775	52,353	1,192	82,940	48,827	-
4.8. Health and Social Services	48,526	41,523	2,914	46,960	36,706	-
5. Other	**2,611,020**	**2,268,312**	**879,500**	**2,811,222**	**2,485,176**	**22,039**
6. Total	**9,516,147**	**7,132,156**	**1,224,842**	**9,523,366**	**7,133,072**	**48,513**

g) Aging analysis

Overdue days	Current Period	Prior Period
0-30	212,448,268	137,506,111
31-60	1,226,744	1,252,025
61-90	563,834	660,146
90+	9,516,147	10,452,773
Total	**223,754,993**	**149,871,055**

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

5. Credit risk mitigation

5.1. CRM - Qualitative disclosure on credit risk mitigation techniques

Collateralization is used as main risk mitigation method. Tangible and intangible assets which can be accepted as collateral and their consideration rates are defined in detail in instructions. The Parent Bank follows a conservative approach in collateral valuation. The value of the collateral is determined both with independent valuation and also internal valuation.

Legality and operational applicability is the precondition for the validity of collaterals. Legal teams should have performed sufficient legal examinations and confirmed all legal regulations related to collateral and validity of collateral before the receipt of the collateral. In addition, all contracts and other related documents should be obtained.

Collateral value should not have a positive correlation with the credit worthiness of the debtor.

Monitoring of collateral values is important to maintain credit quality. Market value of the collateral is periodically reviewed in line with determined frequency in directives and necessary precautions are taken when there is a significant deterioration indication in market value of the collateral.

Insurance policies of the collaterals should be obtained.

Collateral value meets Debt-Collateral ratio determined for credit type or specific sectors legally or in internal application of The Parent Bank.

5.1. CRM - Qualitative disclosure on credit risk mitigation techniques (Contunied)

The Parent Bank takes netting agreements concluded with counterparties into account in the framework of rules mentioned in scope of Appendix-2 of Regulation on Measurement and Evaluation of Bank's Capital Adequacy during the counterparty risk measurement.

5.2. CR3 - Credit risk mitigation techniques - Overview:

	Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1.	Loans	196,398,968	7,766,438	4,754,458	-	-	-	-
2.	Debt securities	49,490,388	-	-	-	-	-	-
3.	**Total**	**245,889,356**	**7,766,438**	**4,754,458**	**-**	**-**	**-**	**-**
4.	Of which defaulted	2,661,342	78,540	475	-	-	-	-

	Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1.	Loans	134,818,019	6,663,742	4,062,342	-	-	-	-
2.	Debt securities	33,916,771	-	-	-	-	-	-
3.	**Total**	**168,734,790**	**6,663,742**	**4,062,342**	**-**	**-**	**-**	**-**
4.	Of which defaulted	2,682,148	13,185	242	-	-	-	-

6. Credit risk when standard approach is used

6.1. CRA - Qualitative disclosures which shall be made related to grading marks used by the Banks while calculating credit risk with standard approach:

a) Marks of Fitch credit rating institution are used in credit risk standard approach calculations

b) Centralized administrations and Banks take CRA marks into account for risk classes.

c) Mark assigned to a debtor is taken into account for all assets of the debtor.

d) CRA, which is not included in twinning table of the institution, is not used.

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

6.2. CR4 - Standardised approach - Credit risk exposure and credit risk mitigation (CRM) effects:

Current Period		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Exposure Categories	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	87,342,881	-	88,539,233	-	-	-
2.	Exposures to regional governments or local authorities	178,882	135	178,882	-	89,441	50%
3.	Exposures to public sector entities	203,918	36,358	201,226	11,056	212,283	100%
4.	Exposures to multilateral development banks	-	-	-	-	-	-
5.	Exposures to international organizations	-	-	-	-	-	-
6.	Exposures to institutions	11,972,528	5,071,025	11,963,246	3,253,098	5,947,305	39%
7.	Exposures to corporates	82,637,216	55,679,361	80,182,645	20,067,871	100,250,515	100%
8.	Retail exposures	79,027,320	130,820,178	75,996,109	4,719,014	62,414,348	77%
9.	Exposures secured by residential property	2,098,315	239,441	2,098,315	12,178	738,673	35%
10.	Exposures secured by commercial real estate	10,670,907	1,657,490	10,670,907	1,082,208	9,391,174	80%
11.	Past-due loans	2,067,694	-	2,067,219	-	1,464,000	71%
12.	Higher-risk categories by the Agency Board	14,155,145	-	13,702,564	-	20,553,847	150%
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)	-	-	-	-	-	-
16.	Other assets	14,549,400	202,872	14,549,400	-	9,250,820	64%
17.	Investments in equities	2,444,501	-	2,444,501	-	2,444,501	100%
18.	**Total**	**307,348,707**	**193,706,860**	**302,594,247**	**29,145,425**	**212,756,907**	**64%**

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

	Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Exposure Categories	**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	56,898,988	-	60,546,907	-	-	-
2.	Exposures to regional governments or local authorities	98,159	65	98,159	-	49,080	50%
3.	Exposures to public sector entities	365,208	40,275	356,292	12,946	369,237	100%
4.	Exposures to multilateral development banks	-	-	-	-	-	-
5.	Exposures to international organizations	-	-	-	-	-	-
6.	Exposures to institutions	6,737,787	3,431,482	6,735,628	2,448,775	4,018,499	44%
7.	Exposures to corporates	66,946,107	45,591,374	64,119,241	19,685,118	83,804,359	100%
8.	Retail exposures	70,023,007	93,612,933	65,150,216	3,677,533	51,620,810	75%
9.	Exposures secured by residential property	2,257,567	241,199	2,257,567	9,119	793,340	35%
10.	Exposures secured by commercial real estate	4,196,417	449,658	4,196,416	211,412	3,240,526	74%
11.	Past-due loans	1,994,613	-	1,994,387	-	1,369,236	69%
12.	Higher-risk categories by the Agency Board	489,423	8,041	489,405	350	734,635	150%
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)	-	-	-	-	-	-
16.	Other assets	8,616,464	9,265	8,616,464	-	6,505,529	76%
17.	Investments in equities	1,909,620	-	1,909,620	-	1,909,620	100%
18.	**Total**	**220,533,360**	**143,384,292**	**216,470,302**	**26,045,253**	**154,414,871**	**64%**

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

6.3. CR5 - Standard approach - exposures by asset classes and risk:

Current Period

	Exposure Categories/ Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total Credit Risk Exposure Amount
1.	Exposures to central governments or central banks	88,539,233	-	-	-	-	-	-	-	-	88,539,233
2.	Exposures to regional governments or local authorities	-	-	-	-	178,882	-	-	-	-	178,882
3.	Exposures to public sector entities	-	-	-	-	-	-	212,282	-	-	212,282
4.	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5.	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6.	Exposures to institutions	-	-	6,085,616	-	8,801,092	-	329,636	-	-	15,216,344
7.	Exposures to corporates	-	-	-	-	-	-	100,250,516	-	-	100,250,516
8.	Retail exposures	-	-	-	-	-	73,203,098	7,512,025	-	-	80,715,123
9.	Exposures secured by residential property	-	-	-	2,110,493	-	-	-	-	-	2,110,493
10.	Exposures secured by commercial real estate	-	-	-	-	4,723,881	-	7,029,234	-	-	11,753,115
11.	Past-due loans	-	-	-	-	1,206,437	-	860,782	-	-	2,067,219
12.	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	13,702,564	-	13,702,564
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)	-	-	-	-	-	-	-	-	-	-
16.	Investments in equities	-	-	-	-	-	-	2,444,501	-	-	2,444,501
17.	Other Assetd	5,298,578	-	3	-	-	-	9,250,819	-	-	14,549,400
18.	**Total**	**93,837,811**	**-**	**6,085,619**	**2,110,493**	**14,910,292**	**73,203,098**	**127,889,795**	**13,702,564**	**-**	**331,739,672**

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

Prior Period

	Exposure Categories/ Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total Credit Risk Exposure Amount
1.	Exposures to central governments or central banks	60,546,907	-	-	-	-	-	-	-	-	60,546,907
2.	Exposures to regional governments or local authorities	-	-	-	-	98,159	-	-	-	-	98,159
3.	Exposures to public sector entities	-	-	-	-	-	-	369,238	-	-	369,238
4.	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5.	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6.	Exposures to institutions	-	-	2,090,986	-	6,986,230	-	107,187	-	-	9,184,403
7.	Exposures to corporates	-	-	-	-	-	-	83,804,359	-	-	83,804,359
8.	Retail exposures	-	-	-	-	-	68,827,749	-	-	-	68,827,749
9.	Exposures secured by residential property	-	-	-	2,266,686	-	-	-	-	-	2,266,686
10.	Exposures secured by commercial real estate	-	-	-	-	2,334,604	-	2,073,224	-	-	4,407,828
11.	Past-due loans	-	-	-	-	1,250,302	-	744,085	-	-	1,994,387
12.	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	489,755	-	489,755
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)	-	-	-	-	-	-	-	-	-	-
16.	Investments in equities	-	-	-	-	-	-	1,909,620	-	-	1,909,620
17.	Other Assetd	2,109,984	-	1,189	-	-	-	6,505,291	-	-	8,616,464
18.	**Total**	**62,656,891**	**-**	**2,092,175**	**2,266,686**	**10,669,295**	**68,827,749**	**95,513,004**	**489,755**	**-**	**242,515,555**

7. Disclosures Regarding Counterparty Credit Risk

7.1. Qualitative disclosures regarding DCCR - CCR Table:

a) Counterparty credit risk (CCR) states default risk of counterparty, which is a party to a transaction imposing an obligation to both parties, going into default before the final payment included in cash flow of the transaction in question. CCR causes credit risk for banks carrying out money and capital market transactions. Derivative financial instruments, repo and reverse repo transactions, securities and commodities lending transactions, transactions having long clearing process and margin trading transactions are considered in the aforementioned scope.

The most significant part of CCR in the Parent Bank is sourced from derivative financial instruments. Derivative transactions are made with financial institutions, individual and commercial customers for the purposes of trading, management of interest risk of banking accounts and meeting customer demands.

CCR is managed within the framework of the Counterparty Credit Policy approved by the Board of Directors. In this policy, the scope of the CCR, the risk calculation method, and the distribution of responsibility distribution were determined. The general lines determined in the CCR policy are detailed with the Derivative Products Application Instructions.

The Parent Bank make a distinction between banks, non-bank financial institutions and individual customers with respect to counterparty credit risk. Transactions made with non-bank financial institutions are reviewed in the framework of corporate-commercial credit risk while banks are considered in the framework of financial institutions.

Derivative risk amount which can be carried by the customer is limited within the credit policies framework. Related risk and limit amounts are monitored on a daily basis and when a collateral shortfall exists, shortfall collateral amount is completed in line with given standards in Derivative Products Application Instruction.

b) A clear definition of risk appetite and its approval by Board of Directors is the precondition to establish a consistent risk limit system. The Bank has determined the following limit structure in order to limit the risk carried over derivative transactions.

Those limits are determined in Market Risk Policy and approved by Board of Directors:

- Limits on option sensitivity indexes basis: Maximum risk which can be taken in delta, gamma and vega positions is limited;
- Option nominal position limit: Maximum nominal position which can be taken on option type basis is limited; and
- Interest sensitivity limit of forward exchanges included in trading accounts: Interest risk which can be carried by swap and forward exchanges made for the purposes of trading.

Derivative limit on the basis of customer has been prepared in addition to abovementioned limit structure. The Bank has established required control mechanism in order to stay in the framework of determined limits.

c) CCR is being tried to be reduced with various techniques. The Parent Bank uses daily exchange limits in addition to credit support and global repo agreements in order to reduce exchange risk. Limits, defined for financial institutions, are allocated according to creditability of counterparty and monitored as real time and online. Parties, having over the counter transactions with the Bank, are financial institutions which are well known and having a long term of business relationship.

d) Countertrend risk states that probability of default of counterparty has a positive correlation with general market risk factors. Parent Bank monitors impacts of market risk factors such as interest and exchange on customer credit risk. Especially, in periods having sharp financial movements, required actions are taken in line with analysis performed.

e) If there is a decline in credit rating grade, there is no additional collateral amount which must be provided by the Bank.

7.2. CCR1 - Analysis of counterparty credit risk (CCR) exposure by approach:

	Current Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1.	Standard approach - CCR (for derivatives)	16,452,623	2,310,393	-	1,4	10,900,526	5,186,233
2.	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	-	-
3.	The simple method used to mitigate credit risk - repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions,	-	-	-	-	-	-
4.	Comprehensive method for reducing credit risk - (for repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	6,600,709	3,089,652
5.	Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions with risk exposure value for credit securities transactions	-	-	-	-	-	-
6.	**Total**	**-**	**-**	**-**	**-**	**-**	**8,275,885**

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

7.2. CCR1 - Analysis of counterparty credit risk (CCR) exposure by approach:

	Current Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1.	Standard Approach - CCR (for derivatives)	5,610,327	1,528,451	-	1,4	3,859,390	2,586,704
2.	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	-	-
3.	The simple method used to mitigate credit risk - repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions,	-	-	-	-	-	-
4.	Comprehensive method for reducing credit risk - (for repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	4,016,437	1,982,235
5.	Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions with risk exposure value for credit securities transactions	-	-	-	-	-	-
6.	**Total**	**-**	**-**	**-**	**-**	**-**	**4,568,939**

7.3. CCR2 - Credit valuation adjustment (CVA) capital charge

		Exposure (After credit risk mitigation methods)		Risk Weighted Amounts	
		Current Period	Prior Period	Current Period	Prior Period
	Total portfolio value with comprehensive approach CVA capital adequacy				
1.	(i) Value at risk component (3*multiplier included)	-	-	-	-
2.	(ii) Stressed Value at Risk (3*multiplier included)	-	-	-	-
3.	Total portfolio value with simplified approach CVA capital adequacy	10,900,526	3,859,390	1,620,713	1,037,001
4.	**Total amount of CVA capital adequacy**	**10,900,526**	**3,859,390**	**1,620,713**	**1,037,001**

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

7.4. CCR3 - Standardised Approach - CCR exposures by regulatory portfolio and risk weights

Current Period

	Exposure Categories/ Risk Weight	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk
1.	Exposures from central governments or central banks	2,612,411	-	-	-	-	-	-	26,594	2,639,005
2.	Exposures from regional or local governments	-	-	-	-	-	-	-	-	-
3.	Exposures from administrative units and non-commercial enterprises	-	-	-	-	-	74	-	-	74
4.	Exposures from multilateral development banks	-	-	-	-	-	-	-	-	-
5.	Exposures from international organizations	-	-	-	-	-	-	-	-	-
6.	Exposures from banks and brokerage houses	-	-	2,169,039	9,684,785	-	698,616	-	-	12,552,440
7.	Exposures from corporates	-	-	-	-	-	2,272,700	-	-	2,272,700
8.	Retail receivables	-	-	-	-	37,016	-	-	-	37,016
9.	Mortgage receivables	-	-	-	-	-	-	-	-	-
10.	Non performing receivables	-	-	-	-	-	-	-	-	-
11.	High risk defined receivables	-	-	-	-	-	-	-	-	-
12.	Mortgage backed securities	-	-	-	-	-	-	-	-	-
13.	Securitization Positions	-	-	-	-	-	-	-	-	-
14.	Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
15.	Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
16.	Equity Investments	-	-	-	-	-	-	-	-	-
17.	Other Receivables	-	-	-	-	-	-	-	-	-
18.	Other Assets	-	-	-	-	-	-	-	-	-
19.	**Total**	**2,612,411**	**-**	**2,169,039**	**9,684,785**	**37,016**	**2,971,390**	**-**	**26,594**	**17,501,235**

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

Prior Period

	Exposure Categories/ Risk Weight	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk
1.	Exposures from central governments or central banks	285,518	-	-	-	-	-	-	74,123	359,641
2.	Exposures from regional or local governments	-	-	-	-	-	-	-	-	-
3.	Exposures from administrative units and non-commercial enterprises	-	-	-	-	-	13	-	-	13
4.	Exposures from multilateral development banks	-	-	-	-	-	-	-	-	-
5.	Exposures from international organizations	-	-	-	-	-	-	-	-	-
6.	Exposures from banks and brokerage houses	-	-	910,558	4,434,740	-	523,753	-	-	5,869,051
7.	Exposures from corporates	-	-	-	-	-	1,632,826	-	-	1,632,826
8.	Retail receivables	-	-	-	-	13,415	-	-	-	13,415
9.	Mortgage receivables	-	-	-	-	-	-	-	-	-
10.	Non performing receivables	-	-	-	-	-	-	-	-	-
11.	High risk defined receivables	-	-	-	-	-	-	881	-	881
12.	Mortgage backed securities	-	-	-	-	-	-	-	-	-
13.	Securitization Positions	-	-	-	-	-	-	-	-	-
14.	Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
15.	Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
16.	Equity Investments	-	-	-	-	-	-	-	-	-
17.	Other Receivables	-	-	-	-	-	-	-	-	-
18.	Other Assets	-	-	-	-	-	-	-	-	-
19.	**Total**	**285,518**	**-**	**910,558**	**4,434,740**	**13,415**	**2,156,592**	**881**	**74,123**	**7,875,827**

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

7.5. CCR4 - Risk class and counterparty credit risk on the basis of possibility of default

Related table is not presented due to standard method is used for calculation of capital adequacy.

CCR5 - Composition of collateral for CCR exposure:

	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
Current Period	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**
Cash - Local Currency	-	-	-	-	1,871,554	-
Cash - Foreign Currency	-	10,347,525	-	9,348,632	15,514,952	-
Government bond - domestic	-	-	-	-	-	-
Government bond - other	-	-	-	-	-	-
Public institution bonds	-	-	-	-	-	-
Corporate bond	-	-	-	-	-	-
Equity share	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
Total	**-**	**10,347,525**	**-**	**9,348,632**	**17,386,506**	**-**

	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
Prior Peiod	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**
Cash - Local Currency	-	-	-	-	3,727,929	-
Cash - Foreign Currency	-	4,063,783	-	5,932,247	9,991,880	-
Government bond - domestic	-	-	-	-	250,124	-
Government bond - other	-	-	-	-	-	-
Public institution bonds	-	-	-	-	-	-
Corporate bond	-	-	-	-	-	-
Equity share	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
Total	**-**	**4,063,783**	**-**	**5,932,247**	**13,969,933**	**-**

7.7. CCR6 - Credit derivatives

Related table is not presented due to the Parent Bank has no risk arrived from derivative credit received or sold (31 December 2020 - None)

7.8. CCR7 - RWA changes on CCR within the internal model method

Related table is not presented due to standard method is used for calculation of capital adequacy (31 December 2020 - None)

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

7.9. CCR8 - Exposures to central counterparties

		Current Period		Prior Period	
		Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1.	**Exposure to Qualified Central Counterparties (QCCPs) (total)**	**26,594**	**532**	**74,123**	**1,482**
2.	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
3.	(i) OTC Derivatives	-	-	-	-
4.	(ii) Other derivative financial instruments	26,594	532	74,123	1,482
5.	(iii) Repo-reverse repo transactions, overdraft transactions, and lending or borrowing of securities or commodities	-	-	-	-
6.	(iv) Netting sets where cross-product netting has been approved Segregated initial margin	-	-	-	-
7.	Segregated initial margin	-	-	-	-
8.	Non-segregated initial margin	-	-	-	-
9.	Pre-funded default fund contributions	-	-	-	-
10.	Unfunded default fund contributions	-	-	-	-
11.	Exposures ton on-QCCPs (total)	-	-	-	-
12.	Exposures for trades at non- QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
13.	(i) OTC Derivatives	-	-	-	-
14.	(ii) Other derivative financial instruments	-	-	-	-
15.	(iii) Repo-reverse repo transactions, overdraft transactions, and lending or borrowing of securities or commodities	-	-	-	-
16.	(iv) Netting sets where cross-product netting has been approved Segregated initial margin	-	-	-	-
17.	Segregated initial margin	-	-	-	-
18.	Non-segregated initial margin	-	-	-	-
19.	Pre-funded default fund contributions	-	-	-	-
20.	Unfunded default fund contributions	-	-	-	-

8. Securitization exposures:

The Parent Bank has no securitization transactions (31 December 2020 - None).

9. Disclosures regarding Market Risk

9.1. MRD - Qualitative information which shall be disclosed to public related to market risk

a) Market risk states the risk sourcing from change in market prices on positions held in order to make profit in trading accounts in line with short term expectations in market prices or interest rates. Financial Assets at Fair Value through Profit/Loss accounts covers all derivative products except for Financial Assets at Fair Value through Profit/Loss, open exchange position and having hedging purposes.

The Parent Bank has established a structure to effectively define, monitor and manage the risk sourcing from changes in market prices including interest rates, stocks, bond prices, exchange rates and uncertainty of aforementioned prices in their volatility levels. The aforementioned structure is determined in Market Risk Policy of the Bank which is approved by the Board of Directors. This policy determines principles, measurement methods, processes and limits covering all transactions of the Bank sourcing from market risk.

Market risk is calculated and reported on a monthly basis with standard method for capital adequacy calculation in line with regulation on Measurement and Evaluation of Bank's Capital Adequacy published by BRSA.

Market risk also includes value at risk limits in line with internal policies based on internal model. Limits include value at risk limits, positions, limits on options sensitivity and loss cessation limits for each of the market risk types.

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

b) Risk Committee of the Parent Bank is responsible to ensure implementation of market risk strategy and policies in a consistent manner. Market risk unit operates totally independent from risk carrying units and directly subject to Risk Committee of the Bank in given authorization and responsibilities framework.

Internal Control Department is responsible for the evaluation of internal control system related to market risk through periodical independent audits. Required system evaluation reports are shared with Board of Directors and other related authorities. Risk Committee of Board of Directors provides holding of sufficient capital against market risk carried by the Parent Bank.

c) The Parent Bank makes its capital calculation for market risk in accordance with standard method approach defined in Basel II first pillar. Capital calculation method for each risk category is made by BRSA in line with Basel standards as of month-ends as solo and consolidated.

The Group calculates market risk with value at risk approach for the purpose of monitoring and management of risk at the Bank except for standard method. The aforementioned calculation is made for both the risk of trade portfolio and also total risk of trade portfolio and Securities Available For Sale portfolio. Value at risk calculation is made daily with historical simulation at 99% confidence interval through 252 working days observation period and exponential weighted moving average volatility assumption. Dynamic structure of the volatility is reached through giving weight to recent observations in exponential weighted moving average.

9.2. MR1- Market risk under standardised approach:

		RWA(**)	
		Current Period	Prior Period
	Outright products(*)	5,804,800	3,895,138
1.	*Interest rate risk (general and specific)*	*2,370,687*	*1,782,675*
2.	*Equity risk (general and specific)*	*248,863*	*194,175*
3.	*Foreign exchange risk*	*2,905,000*	*1,847,600*
4.	*Commodity risk*	*280,250*	*70,688*
	Options	83,675	12,075
5.	*Simplified approach*	-	-
6.	*Delta-plus method*	*83,675*	*12,075*
7.	*Scenario approach*	-	-
8.	*Securitization*	-	-
9.	**Total**	**5,888,475**	**3,907,213**

(*) Outright products refer to position in products that are not optional.

(**) The market Risk represents the capital requirement multiplied by 12.5 times Risk Weighted Amount.

10. Explanations on Consolidated Operational Risk

The Parent Bank calculates the amount subject to operational risk based on “Basic Indicator Method” by using 2020, 2019 and 2018, year-end gross income balances of the Bank, in accordance with Section 3 of the “Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy Ratio”, published in the Official Gazette No. 28337 dated 28 June 2012, namely “The Calculation of the Amount Subject to Operational Risk. As of 31 December 2020, the total amount subject to operational risk is TL17,771,438 (31 December 2020 - TL15,499,021)

Current Period Basic Indicator Method	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income(*)	8,960,553	9,332,623	10,141,119	9,478,099	15	1,421,715
Amount subject to operational risk (Total*12.5)						**17,771,438**

Prior Period Basic Indicator Method	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income(*)	6,505,256	8,960,553	9,332,624	8,266,144	15	1,239,922
Amount subject to operational risk (Total*12.5)						**15,499,021**

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

Annual gross income is calculated by deducting the profit/loss arising from the sale of securities followed up in the securities available for sale and held-to-maturity accounts, the extraordinary incomes and the amounts indemnified from insurance, from the sum of the net amounts of interest income and non-interest income.

III. Explanations on Consolidated Foreign Exchange Risk

1. Whether the Group is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the Board of Directors of the Parent Bank sets limits for positions that are monitored daily

The difference between the Parent Bank's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure ("cross currency risk").

Board of Directors has determined the limits considering the consistency with the "Foreign Currency Net General Position." Positions are being followed daily and limits are reviewed at least once a year depending on economic conditions and The Parent Bank strategy and updated as deemed necessary.

In measuring the exchange rate exposure of The Parent Bank, the "standard method" used in the legal reports and the internal method. The measurements made within the scope of the standard method are carried out monthly and the measurements made within the scope of VaR calculations are carried out on a daily basis. In addition, the maximum foreign currency position that can be taken is determined on the basis of currency types and table, and daily limit compliance control is carried out by Risk Management.

2. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives

The Group hedges foreign currency borrowings with derivative instruments. The Group does not hedge net foreign currency investments with derivative instruments. The Group hedges foreign currency borrowings with derivative instruments. The Bank does not hedge net foreign currency investments with derivative instruments. (Details explaining Section Five Part three).

3. The spot foreign exchange bid rates of the Parent Bank as of the balance sheet date and for each of the five days prior to that date

US Dollars purchase rate in the balance sheet date	TL12.9775
Euro purchase rate in the balance sheet date	TL14.6823

Date	US Dollar	Euro
31 December 2021	12.9775	14.6823
30 December 2021	12.2219	13.8011
29 December 2021	11.8302	13.4000
28 December 2021	11.3900	12.8903
25 December 2021	11.7278	13.2926

4. The basic arithmetical average of the Parent Bank's foreign exchange bid rate for the last thirty days

The arithmetical average of the Parent Bank's US Dollar and Euro purchase rates for December 2021 are TL13.5285 and TL15.2896 respectively.

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

5. Information on the consolidated foreign exchange risk

Current Period	EUR	USD	Other	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R.Central Bank(1)	28,653,346	29,654,717	4,550,228	62,858,291
Due From Banks(3)	4,884,668	10,311,641	529,323	15,725,632
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)(3)	871,940	1,637,972	2,356	2,512,268
Money Market Placements	-	159,508	-	159,508
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	868,412	9,174,806	-	10,043,218
Loans(4)	57,130,523	33,095,989	323,295	90,549,807
Investments in Assoc., Subsidiaries and Entities under Common Control	-	-	-	-
Investment Assets Measured at Amortized Cost	1,145,588	13,835,328	-	14,980,916
Derivative Financial Assets Hedging Purposes	1,142	350,689	-	351,831
Tangible Assets	-	-	37	37
Intangible Assets	-	-	-	-
Other Assets(5)	668,408	223,906	1,255	893,569
Total Assets	**94,224,027**	**98,444,556**	**5,406,494**	**198,075,077**
Liabilities				
Bank Deposits	125,717	3,797,491	59,963	3,983,171
Foreign Currency Deposits(6)	31,034,353	87,197,116	24,430,238	142,661,707
Money Market Borrowings	1,574,310	14,142,867	-	15,717,177
Funds Provided from Other Financial Institutions	16,817,521	28,371,246	11,478	45,200,245
Securities Issued	-	20,124,404	3,654,688	23,779,092
Sundry Creditors	6,561,913	5,097,612	8,278	11,667,803
Derivative Fin. Liabilities Hedging Purposes	54,572	1,767,033	-	1,821,605
Other Liabilities(7)	1,330,260	1,575,968	1,514	2,907,742
Total Liabilities	**57,498,646**	**162,073,737**	**28,166,159**	**247,738,542**
Net Balance Sheet Position	**36,725,381**	**(63,629,181)**	**(22,759,665)**	**(49,663,465)**
Net Off-Balance Sheet Position	**(36,545,349)**	**60,908,043**	**22,811,068**	**47,173,762**
Financial Derivative Assets	31,112,576	164,392,409	23,228,937	218,733,922
Financial Derivative Liabilities	67,657,925	103,484,366	417,869	171,560,160
Non-Cash Loans(8)	18,384,626	15,231,819	715,572	34,332,017
Prior Period				
Total Assets	50,533,172	51,210,990	1,552,446	103,296,608
Total Liabilities	32,535,917	91,772,662	18,079,237	142,387,816
Net Balance Sheet Position	**17,997,255**	**(40,561,672)**	**(16,526,791)**	**(39,091,208)**
Net Off-Balance Sheet Position	**(18,063,554)**	**38,578,070**	**16,523,357**	**37,037,873**
Financial Derivative Assets	22,146,538	105,264,338	18,050,019	145,460,895
Financial Derivative Liabilities	40,210,092	66,686,268	1,526,662	108,423,022
Non-Cash Loans	9,935,011	11,239,630	345,711	21,520,352

(1) Cash and Balances with TR Central; Other FC include TL1,587,037 (31 December 2020 - TL1,160,921) precious metal deposit account.

(2) There are foreign bank guarantees amounting to TL7,481,729 (31 December 2020 - None).

(3) Does not include TL327,092 (31 December 2020 - TL239,259) of currency income accruals arising from derivative transactions and derivative financial instruments amounting to TL209,671 (31 December 2020 - TL116,829) are not included under financial assets at fair value through profit and loss in accordance with TFRS 9.

(4) Includes TL379,005 (31 December 2020 - TL489,555) FC indexed loans. Does not include repealed financial leasing receivables amounting to TL1,301 (31 December 2020 - TL11,082) accounted as FC in balance sheet. Includes FC indexed factoring receivables is none (31 December 2020 - None) accounted as TL in balance sheet.

(5) Does not include FC prepaid expenses amounting to TL67,969 (31 December 2020 - TL47,634) as per BRSA's Communique published in Official Gazette no 26085 on 19 February 2006.

(6) Foreign currency deposits include TL21,599,519 (31 December 2020 - TL15,484,501) of precious metal deposit account.

(7) Other Liabilities do not include the Foreign Currency Index Factoring payables amounting to TL3,885 (31 December 2020 - TL761)

(7) Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TL193,977 (31 December 2020 - TL181,796)

(8) Does not have an effect on net off-balance sheet position.

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

6. Sensitivity to foreign exchange risk

The Group is exposed to currency risk in Euro and US Dollars.

The Bank is subject to exchange rate risk mainly from Euro and USD. The table below shows the Bank's sensitivity to a 10% change in Euro and USD currencies. It is assumed that all other variables are constant.

	% change in the Foreign currency	Effect on Gain/Loss (After Tax)	Net Effect on Shareholders Equity (*)	Effect on Gain/Loss (After Tax)	Net Effect on Shareholders Equity (*)
		Current Period	Current Period	Prior Period	Prior Period
USD	10% increase	(24,502)	(231,759)	(10,787)	(115,883)
	10% decrease	24,502	231,759	10,787	115,883
EURO	10% increase	(4,941)	(9,011)	(1,887)	(4,807)
	10% decrease	4,941	9,011	1,887	4,807

(*) Effect on Shareholders Equity include the effect of the change of exchange rates on the income statement.

IV. Explanations on Consolidated Interest Rate Risk

Interest rate risk that would arise from the changes in interest rates depending on the Parent Bank's position is managed by the Asset/Liability Committee of the Parent Bank.

Interest rate sensitivity of assets, liabilities and off balance sheet items is analyzed by top management in the Asset/Liability Committee meetings held monthly by taking the market developments into consideration.The management of the Parent Bank follows the interest rates in the market on a daily basis and revises interest rates of the Parent Bank when necessary.

Besides customer deposits, the Parent Bank funds its long term fixed interest rate TL loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Parent Bank changes the foreign currency liquidity obtained from the international markets to TL liquidity with long term swap transactions (fixed TL interest rate and floating FC interest rate). Therefore, the Parent Bank not only funds its long term fixed interest rate loans with TL but also hedges itself from interest rate and maturity risk.

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

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Interest Rate Sensitivity of Assets, Liabilities and off-Balance Sheet Items

(Based on repricing dates)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing[1]	Total
End of Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank[2]	27,488,641	-	-	-	-	42,798,846	70,287,487
Due from Banks[3]	1,540,564	-	-	-	-	14,275,739	15,816,303
Financial Assets at Fair Value Through Profit/Loss[4]	38,546	294,213	27,438	53,814	10,637	18,796,631	19,221,279
Money Market Placements	159,508	-	-	-	-	-	159,508
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI)[5]	2,097,114	2,594,641	4,045,221	4,197,504	7,402,284	2,700,446	23,037,210
Loans and Receivables	43,837,351	34,690,610	76,529,573	50,368,968	4,544,768	2,383,991	212,355,261
Financial Assets Measured at Amortized Cost[6]	4,961,252	2,568,882	6,556,088	8,429,624	6,240,944	1,090,393	29,847,183
Other Assets	-	-	-	-	-	13,124,781	13,124,781
Total Assets	**80,122,976**	**40,148,346**	**87,158,320**	**63,049,910**	**18,198,633**	**95,170,827**	**383,849,012**
Liabilities							
Bank Deposits	11,644,754	688,474	74,420	-	-	569,447	12,977,095
Other Deposits	84,255,630	26,809,133	6,145,884	412,329	326	95,276,182	212,899,484
Money Market Borrowings	5,127,316	9,714,670	3,348,628	-	-	-	18,190,614
Miscellaneous Payables	10,917,333	-	-	-	-	7,929,302	18,846,635
Securities Issued	6,375,460	2,080,106	12,586,088	8,761,162	-	-	29,802,816
Funds Borrowed	4,643,709	24,737,911	9,846,587	4,950,493	4,926,131	-	49,104,831
Other Liabilities[7]	438	1,287	10,716	465,111	821	41,549,164	42,027,537
Total Liabilities	**122,964,640**	**64,031,581**	**32,012,323**	**14,589,095**	**4,927,278**	**145,324,095**	**383,849,012**
On Balance Sheet Long Position	-	-	55,145,997	48,460,815	13,271,355	-	116,878,167
On Balance Sheet Short Position	(42,841,664)	(23,883,235)	-	-	-	(50,153,268)	(116,878,167)
Off-Balance Sheet Long Position	8,089,258	18,467,702	-	435,415	-	-	26,992,375
Off-Balance Sheet Short Position	-	-	(2,473,907)	(855,891)	(13,500,760)	-	(16,830,558)
Total Position	**(34,752,406)**	**(5,415,533)**	**52,672,090**	**48,040,339**	**(229,405)**	**(50,153,268)**	**10,161,817**

[1] Non-Interest Bearing column includes accruals, provision for losses and derivative financial instruments' fair value valuation difference.

[2] Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include amount of TL7,084 expected loss provisions.

[3] Banks include balance of expected loss provisions amounting to TL3,825.

[4] Financial Assets at Fair Value Through Profit/Loss includes Derivative Financial Assets at Fair Value Through Profit or Loss amounting to TL18,446,821.

[5] Financial Assets Measured at Fair Value Through Other Comprehensive Income includes Derivative Financial Assets Through Other Comprehensive Income amounting to TL3,359,463.

[6] Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TL9,793

[7] Other Liabilities includes Derivative Financial Liabilities amounting to TL12,783,890.

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

(Based on repricing dates)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing[1]	Total
End of Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency, Cash in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank[2]	6,501,977	-	-	-	-	20,901,085	27,403,062
Due from Banks[3]	45,846	-	-	-	-	1,459,721	1,505,567
Financial Assets at Fair Value Through Profit/Loss[4]	1,358	284,489	20,010	78,520	22,847	8,044,622	8,451,846
Money Market Placements	752,392	-	-	-	-	-	752,392
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI)[5]	1,815,340	1,277,034	3,165,778	3,839,136	4,728,569	1,764,943	16,590,800
Loans and Receivables	30,556,723	21,657,972	52,208,465	35,918,478	3,600,659	2,390,294	146,332,591
Financial Assets Measured at Amortized Cost[6]	3,072,701	2,305,967	4,811,742	3,274,171	4,668,299	600,320	18,733,200
Other Assets	-	-	-	-	-	15,250,263	15,250,263
Total Assets	**42,746,337**	**25,525,462**	**60,205,995**	**43,110,305**	**13,020,374**	**50,411,248**	**235,019,721**
Liabilities							
Bank Deposits	3,436,159	1,006,656	17,509	-	-	123,020	4,583,344
Other Deposits	55,086,007	16,171,283	4,175,747	339,333	202	49,918,940	125,691,512
Money Market Borrowings	8,059,536	5,050,988	1,638,887	149,074	-	96,185	14,994,670
Miscellaneous Payables	4,589,351	-	-	-	-	4,654,255	9,243,606
Securities Issued	1,069,672	1,461,379	1,075,596	11,117,311	-	-	14,723,958
Funds Borrowed	2,387,990	16,569,149	10,021,246	3,621,308	-	1,491	32,601,184
Other Liabilities[7]	2,894	729	59,528	351,888	9,932	32,756,476	33,181,447
Total Liabalities	**74,631,609**	**40,260,184**	**16,988,513**	**15,578,914**	**10,134**	**87,550,367**	**235,019,721**
On Balance Sheet Long Position	-	-	43,217,482	27,531,391	13,010,240	-	83,759,113
On Balance Sheet Short Position	(31,885,272)	(14,734,722)	-	-	-	(37,139,119)	(83,759,113)
Off-Balance Sheet Long Position	4,654,568	10,976,595	-	-	-	-	15,631,163
Off-Balance Sheet Short Position	-	-	(362,930)	(2,137,413)	(9,188,319)	-	(11,688,662)
Total Position	**(27,230,704)**	**(3,758,127)**	**42,854,552**	**25,393,978**	**3,821,921**	**(37,139,119)**	**3,942,501**

(1) Non-Interest Bearing column includes accruals, provision for losses and derivative financial instruments' fair value valuation difference.

(2) Cash (Cash in Vault, Foreign Currency Cash in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include expected loss provisions amounting to TL3,399.

(3) Banks include balance of expected loss provisions amounting to TL10,189.

(4) Financial Assets at Fair Value Through Profit/Loss include Derivative Financial Assets at Fair Value Through Profit or Loss amounting to TL7,828,472.

(5) Financial Assets Measured at Fair Value Through Other Comprehensive Income include Derivative Financial Assets Through Other Comprehensive Income amounting to TL1,400,686.

(6) Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TL10,156

(7) Other Liabilities includes Derivative Financial Liabilities amounting to TL8,156,463.

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

Average interest rates applied to monetary financial instruments:

	EUR (%)	USD (%)	JPY (%)	TL (%)
End of Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	8.50
Due from Banks	0.63	6.89	-	21.21
Financial Assets Measured at Fair Value through Profit/Loss	4.97	4.58	-	21.35
Money Market Placements	-	0.05	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.87	5.32	-	18.41
Loans and Receivables	3.61	4.52	1.49	18.03
Financial Assets Measured at Amortized Cost	4.60	5.61	-	22.41
Liabilities				
Bank Deposits	0.03	0.61	-	13.96
Other Deposits	0.22	0.81	0.27	18.22
Money Market Borrowings	(0.71)	1.17	-	13.43
Miscellaneous Payables	(0.39)	-	-	-
Securities Issued	-	5.51	-	12.82
Funds Borrowed	1.43	4.31	-	14.25

Average interest rates applied to monetary financial instruments:

	EUR (%)	USD (%)	JPY (%)	TL (%)
End of Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	12.00
Due from Banks	0.04	0.01	-	8.79
Financial Assets Measured at Fair Value through Profit/Loss	3.07	5.63	-	17.08
Money Market Placements	-	0.08	-	17.19
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.87	5.30	-	14.29
Loans and Receivables	4.33	5.28	5.23	14.42
Financial Assets Measured at Amortized Cost	3.76	5.55	-	14.04
Liabilities				
Bank Deposits	0.64	1.51	-	16.74
Other Deposits	0.45	1.36	0.62	15.46
Money Market Borrowings	-	1.38	-	16.71
Miscellaneous Payables	(0.39)	-	-	-
Securities Issued	-	5.58	-	17.04
Funds Borrowed	2.35	4.42	-	16.49

Interest rate risk on banking book

The interest rate risk resulting from banking book comprises of maturity mismatch risk, yield-curve risk, base risk and option risk. Within the scope of the interest rate risk, the Group analyzes all these risks periodically and manages all aspects of interest rate risk on banking book effectively in accordance with the bank strategy by considering market conditions. To ensure these, risks are measured, monitored and limited on a regular basis within the scope of "Asset Liability Management Policy".

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

In the calculation of the interest rate risk on banking book, income approach and the economic value approach are applied. The analysis of economic value, duration and gap analysis are calculated twice a month, analysis of the standard economic value approach is supported by different scenarios. In addition, the sensitivity of net interest income is monitored and early repayment rates of loans are taken into account in interest rate risk management.

In customer deposits, core deposits analyses are performed regularly on profit center base and the rate of core deposits in demand deposits are considered in economic value, gap and duration analyses. The interest rate risk of uncertain due credits is determined considering the nature of the credit and added to calculations.

All these analyses are reported to Asset and Liability Committee and Risk Committee. By considering market conditions and the bank's strategy, the interest rate risk on banking book is managed within specified limits parallel to the Bank's appetite of risk.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) included in banking book are monitored daily. In this context, the risk level of this portfolio is managed considering the sensitivity of nominal interest rate and limits.

The interest rate risk on banking book is measured legally as per the "Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method" published in the Official Gazette No,28034 dated 23 August 2011, and the legal limit as per this measurement is monitored and reported monthly to the Assets and Liability Committee, the Risk Committee and the Board of Directors.

Currency	Shocks Applied (+/- x basis points)	Gains/Losses	Gains/Equity-Losses/Equity
1. TL	(+)500	(2,376,318)	(6.35)%
	(-)400	2,129,014	5.69%
2. EURO	(+)200	(168,857)	(0.45)%
	(-)200	288,204	0.77%
3. USD	(+)200	(675,921)	(1.81)%
	(-)200	799,423	2.14%
Total (of negative shocks)		**3,216,641**	**8.60%**
Total (of positive shocks)		**(3,221,096)**	**(8.61)%**

V. Explanations on Consolidated Position Risk of Equity Securities in Banking Book

		Comparison	
Equity Securities (shares)	Carrying Value	Fair Value	Carrying Value
1. Equity Investments Group A	**76,318**	**-**	**76,318**
Quoted Securities	76,318	-	76,318
2. Equity Investments Group B	**-**	**-**	**-**
Quoted Securities	-	-	-
3. Equity Investments Group C	**-**	**-**	**-**
Quoted Securities	-	-	-
4. Equity Investments Group Other(*)	**270,365**	**-**	**-**

(*) Includes associates, subsidiaries and entities under common control not quoted to BIST and not classified as investment in shares by Capital Market Board.

		Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio	Gains/Losses in Current Period	Total	Amount under Supplementary Capital	Total	Amount under Core Capital	Amount under Supplementary Capital
1. Private Equity Investments	-	-	-	-	-	-
2. Quoted Shares	124,958			1,901		1,901
3. Other Shares	-	-	-	-	-	-
4. Total	**124,958**	**-**	**-**	**1,901**	**-**	**1,901**

VI. Explanations on Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio

Liquidity Risk of the Parent Bank is monitored and managed in accordance with Liquidity Risk Management Policy. According to this policy, Board of Directors is responsible to review and approve risk profile and appetite of the Parent Bank periodically. Senior Management takes necessary measures to monitor aforementioned risk and controls liquidity risk in line with accepted strategies and policies.

Treasury Department is responsible to carry out liquidity strategy determined and approved by Board of Directors. Risk Management Department is responsible to define, measure, monitor and control liquidity risk besides developing internal and external methods and procedures which are in line with context and structure of applicable activities in The Parent Bank in order to monitor related limits. Senior management of The Parent Bank is informed periodically regarding current liquidity risk amount exposed in order to ensure being under the approved limits of the Parent Bank's liquidity risk profile. Assets and Liabilities Committee (ALCO) meetings, which ensure the necessary monitoring for liquidity risk, are held monthly. Risk Committee reviews the liquidity risk of the Parent Bank monthly in addition to aforementioned meetings and informs Board of Directors. The Parent Bank reviews its liquidity position daily. Internal and legal reports related to liquidity positions are examined in ALCO meetings monthly with the participation of senior management. Several decisions are taken related to management of short- and long-term liquidity in this scope. Internal metrics such as reserve liquidity and deposit concentration are monitored daily besides liquidity coverage rate related to measurement of liquidity coverage. Internal limit and warning level are periodically monitored and reported to related parties by the Board of Directors.

The liquidity management of the Parent Bank is decentralized; each partnership controlled by the Parent Bank is carried out independently from the Parent Bank by the authorities in charge of liquidity management. Each subsidiary subject to consolidation manages its own liquidity position separately from the Parent Bank. The amount of funds to be used by the subsidiaries from the Parent Bank is determined within the framework of the limits.

It is essential for the Parent Bank to monitor its liquidity position and funding strategy consistently. Funding management of the Parent Bank is carried out in line with limits and internal warning systems within the framework of ALCO decisions. Funding and placement strategies are developed through evaluating the liquidity of the Parent Bank. While developing this strategy, it is aimed to provide funding from long-term and stable sources as much as possible.

A large part of the Parent Bank's liabilities consists of TL, USD and EUR. Gap reports issued based on the aforementioned three currencies are presented in ALCO meetings. Maturity mismatches based on currencies are managed through FX swap and FX forward.

Liquidity life cycle approach is determined as the liquidity risk stress test methodology. This approach is a stress test to measure the period in which the Parent Bank can meet its cumulative cash outflows without providing a fund from the market. Liquidity life cycle is calculated according to various scenarios and simulated in line with possible scenarios in crisis situation and the results are reported to Risk Committee and Board of Directors.

Emergency Funding Plan (EMP) of the Parent Bank regulates funding activities to be used in liquidity crisis periods specific to the Parent Bank or in liquidity crisis at financial markets. EMP defines components triggering the crisis and early warning indicators which help to evaluate and manage the liquidity crisis and determine primary funding structure. EMP also defines actions of the Parent Bank against cash and guarantee need. In addition to aforementioned issues, EMP determines duties and responsibilities in performing actions in a liquidity crisis included in risk management and emergency funding plan.

Due to the financial uncertainty caused by the coronavirus epidemic, undemonstrative liquidity management has been one of the top priorities of the Parent Bank. The Parent Bank manages LCR over the limit by keeping its high quality liquid assets at a sufficient level. The Parent Bank has created four different stress test scenarios that measure how long it can meet its cumulative cash outflows without providing any new funds from the market or by providing funds at very low levels. A new scenario was created by observing the financial movements during the coronavirus epidemic and it was observed that in all scenarios, the Parent Bank withstands stress over the minimum life expectancy of 30 days.

All of the Group's high quality liquid assets are comprised of first quality liquid assets, most of which are CBRT accounts and securities that are issued by the Turkish Treasury that have not been collateralized. Optional use of reserve levels and fluctuations in repo amount lead up to periodical variations in liquidity coverage ratio. Additionally syndication loans and large amount funds such as foreign bond issuances that have less than 1 month to maturity, lead up to short term fall in liquidity coverage ratios.

Funding sources of the Group mainly consist of deposits which constitute 59% of total liabilities of the Group (31 December 2020 - 55%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated debts.

The Group effectively uses derivative transactions to manage interest and liquidity risk. Impact of derivative cash flows in terms of liquidity coverage ratio is limited. However, FX swaps used in short term foreign currency liquidity management cause liquidity coverage ratio to fluctuate due to changes in volume and one month maturity. In addition, possible cash outflow caused by margin call requirements of derivative transactions is taken into consideration in accordance with the respective regulations.

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

Secured funding consists of repo and secured loan transactions. A large part of securities which are subjects of aforementioned guaranteed funding transactions consist of Sovereign Bonds issued by Treasury of the Republic of Turkey and transactions are carried out both in CBRT market and interbank market.

The Group manages all the transactions made before its foreign branches and partnership in the framework of central bank, markets and related legislation of the country in which the institutions are located. Legal lending limits and high limit transactions are closely monitored in this framework.

All cash inflow and outflow items related to liquidity profile of the Group are included in liquidity coverage ratio tables below.

Liquidity Coverage Ratio

	Unweighted Amounts(*)		Weighted Amounts(*)	
Current Period - 31 December 2021	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS			**60,105,592**	**41,728,573**
1. High Quality Liquid Assets			60,105,592	41,728,573
CASH OUTFLOWS				
2. Retail and Small Business Customers Deposits	**141,515,493**	**84,898,033**	**13,012,189**	**8,489,803**
3. Stable deposits	22,787,215	-	1,139,361	-
4. Less stable deposits	118,728,278	84,898,033	11,872,828	8,489,803
5. Unsecured Funding other than Retail and Small Business Customers Deposits	**54,879,746**	**33,633,717**	**29,811,372**	**17,993,501**
6. Operational deposits	1,822,934	722,890	455,733	180,722
7. Non-Operational Deposits	42,113,548	28,893,102	20,722,509	14,249,724
8. Other Unsecured Funding	10,943,264	4,017,725	8,633,130	3,563,055
9. Secured funding	-	-	-	-
10. Other Cash Outflows	**22,265,401**	**5,501,550**	**22,265,401**	**5,501,550**
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	22,265,401	5,501,550	22,265,401	5,501,550
12. Debts related to the structured financial products	-	-	-	-
13. Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14. Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	66,317,841	3,640,360	3,315,892	182,018
15. Other irrevocable or conditionally revocable commitments	123,065,092	32,994,068	9,098,334	3,198,915
16. TOTAL CASH OUTFLOWS	-	-	**77,503,188**	**35,365,787**
CASH INFLOWS				
17. Secured Lending Transactions	161,211	135,512	-	-
18. Unsecured Lending Transactions	18,740,027	10,456,304	13,483,740	9,177,360
19. Other contractual cash inflows	22,294,557	19,746,944	22,294,557	19,746,944
20. TOTAL CASH INFLOWS	**41,195,795**	**30,338,760**	**35,778,297**	**28,924,304**
			Upper Limit Applied Values	
21. TOTAL HIGH QUALITY LIQUID ASSETS			**60,105,592**	**41,728,573**
22. TOTAL NET CASH OUTFLOWS			**41,724,891**	**10,059,529**
23. LIQUIDITY COVERAGE RATIO (%)			**144.05**	**414.82**

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

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

	Unweighted Amounts(*)		Weighted Amounts(*)	
Prior Period - 31 December 2020	**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS			**40,843,086**	**27,825,730**
1. High Quality Liquid Assets	40,843,086	27,825,730	40,843,086	27,825,730
CASH OUTFLOWS				
2. Retail and Small Business Customers Deposits	102,186,962	63,304,994	9,359,824	6,330,499
3. Stable deposits	17,177,444	-	858,872	-
4. Less stable deposits	85,009,518	63,304,994	8,500,952	6,330,499
5. Unsecured Funding other than Retail and Small Business Customers Deposits	38,420,138	23,838,871	21,866,203	13,428,405
6. Operational deposits	898,324	217,596	224,581	54,399
7. Non-Operational Deposits	31,106,175	21,385,242	16,677,209	11,384,804
8. Other Unsecured Funding	6,415,639	2,236,033	4,964,413	1,989,202
9. Secured funding	-	-	184,764	184,764
10. Other Cash Outflows	46,851,069	33,962,370	46,851,069	33,962,370
11. Liquidity needs related to derivatives and market valuation changes on derivatives transactions	46,851,069	33,962,370	46,851,069	33,962,370
12. Debts related to the structured financial products	-	-	-	-
13. Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14. Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	40,250,022	161,642	2,012,501	8,082
15. Other irrevocable or conditionally revocable commitments	94,377,004	26,926,816	7,093,556	2,639,579
16. TOTAL CASH OUTFLOWS	**-**	**-**	**87,367,917**	**56,553,699**
CASH INFLOWS				
17. Secured Lending Transactions	1,372,203	99,215	-	-
18. Unsecured Lending Transactions	10,246,741	3,550,268	6,619,077	2,972,028
19. Other contractual cash inflows	44,973,632	43,355,658	44,973,633	43,355,659
20. TOTAL CASH INFLOWS	**56,592,576**	**47,005,141**	**51,592,710**	**46,327,687**
			Upper Limit Applied Values	
21. TOTAL HIGH QUALITY LIQUID ASSETS			**40,843,086**	**27,825,730**
22. TOTAL NET CASH OUTFLOWS			**35,775,207**	**14,147,213**
23. LIQUDITY COVERAGE RATIO (%)			**114.17**	**196.69**

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

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

Consolidated liquidity coverage ratios related to last three months of 2021 are calculated weekly and explained in the table below according to "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated 21 March 2014.

	Maximum	Date	Minimum	Date	Average
TL+FC	182.40	20.12.2021	123.58	28.12.2021	144.12
FC	510.12	08.12.2021	243.24	01.10.2021	423.21

Liquidity coverage ratio is regulated by the BRSA to make sure that the banks sustain high quality liquid asset stock to cover probable cash outflows in the short term.

All of the Parent Bank's high quality liquid assets are comprised of first quality liquid assets, most of which are CBT accounts and securities that are issued by the Turkish Treasury that have not been collateralized. Optional use of reserve levels and fluctuations in repo amount lead up to periodical variations in liquidity coverage ratio. Additionally syndication loans and large amount funds such as foreign bond issuances that have less than 1 month to maturity, lead up to short term fall in liquidity coverage ratios.

Funding sources of the Parent Bank mainly consist of deposits which constitute 57% of total liabilities of the Group (31 December 2020 - 57%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated debts.

The Parent Bank effectively uses derivative transactions to manage interest and liquidity risk. Impact of derivative cash flows in terms of liquidity coverage ratio is limited. However, FX swaps used in short term foreign currency liquidity management cause liquidity coverage ratio to fluctuate due to changes in volume and one month maturity. In addition, possible cash outflow caused by margin call requirements of derivative transactions is taken into consideration in accordance with the respective regulations.

At The Parent Bank, Secured funding consists of repo and secured loan transactions. A large part of securities which are subjects of aforementioned guaranteed funding transactions consist of Sovereign Bonds issued by Treasury of the Republic of Turkey and transactions are carried out both in CBRT market and interbank market.

The Parent Bank manages all the transactions made before its foreign branches and partnership in the framework of central bank, markets and related legislation of the country in which the institutions are located. Legal lending limits and high limit transactions are closely monitored in this framework.

All cash inflow and outflow items related to liquidity profile of the Parent Bank are included in liquidity coverage ratio tables above.

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

Presentation of assets and liabilities according to their remaining maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated[1]	Total
Assets								
Cash (Cash in Vault, Foreign Currency, Cash in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank[2]	32,427,285	37,867,285	-	-	-	-	(7,083)	70,287,487
Due from Banks[3]	6,795,710	9,024,419	-	-	-	-	(3,826)	15,816,303
Financial Assets at Fair Value Through Profit/Loss[4]	346,590	2,074,286	3,741,114	4,658,140	7,131,075	1,270,074	-	19,221,279
Money Market Placements	-	159,508	-	-	-	-	-	159,508
Financial Assets Measured at Fair Value through Other Comprehensive Income[5]	44,138	3,407	353,810	2,228,255	11,353,041	9,054,559	-	23,037,210
Loans and Receivables[6]	-	36,365,387	23,074,462	65,726,182	66,055,120	18,750,119	2,383,991	212,355,261
Financial Assets Measured at Amortized Cost[7]	-	-	450,897	1,440,395	19,260,309	8,705,375	(9,793)	29,847,183
Other Assets	100	4,888,176	9,335	38,107	1,408,498	1,068	6,779,497	13,124,781
Total Assets	**39,613,823**	**90,382,468**	**27,629,618**	**74,091,079**	**105,208,043**	**37,781,195**	**9,142,786**	**383,849,012**
Liabilities								
Bank Deposits	569,447	11,644,754	688,474	74,420	-	-	-	12,977,095
Other Deposits	95,276,184	84,255,631	26,809,133	6,145,884	412,326	326	-	212,899,484
Funds Borrowed	-	3,872,718	2,602,067	19,097,318	6,553,112	10,162,943	6,816,673	49,104,831
Money Market Borrowings	-	5,127,316	5,429,700	4,387,644	2,409,064	836,890	-	18,190,614
Securities Issued	-	2,781,073	1,353,474	14,952,350	10,715,919	-	-	29,802,816
Miscellaneous Payables	-	18,044,842	-	-	-	-	801,793	18,846,635
Other Liabilities[8]	188,384	8,415,498	1,666,785	2,265,690	3,179,463	2,626,908	23,684,809	42,027,537
Total Liabilities	**96,034,015**	**134,141,832**	**38,549,633**	**46,923,306**	**23,269,884**	**13,627,067**	**31,303,275**	**383,849,012**
Liquidity Excess/Gap	**(56,420,192)**	**(43,759,364)**	**(10,920,015)**	**27,167,773**	**81,938,159**	**24,154,128**	**(22,160,489)**	**-**
Net Off-Balance Sheet Position[9]	**-**	**(1,902,436)**	**1,686,561**	**3,004,161**	**5,354,445**	**37**	**-**	**8,142,768**
Receivables from financial derivative instruments	-	72,196,159	33,952,450	41,342,421	46,772,646	49,170,248	-	243,433,924
Liabilities from derivative financial instruments	-	74,098,595	32,265,889	38,338,260	41,418,201	49,170,211	-	235,291,156
Non Cash Loans[10]	**-**	**1,534,846**	**5,201,610**	**10,797,060**	**3,857,735**	**337,993**	**25,738,863**	**47,468,107**
Prior period								
Total Assets	15,622,765	48,970,236	17,747,721	47,518,042	67,651,173	28,827,382	8,682,402	235,019,721
Total Liabilities	50,138,957	82,812,471	24,535,753	19,744,618	26,620,789	5,849,926	25,317,207	235,019,721
Liquidity Excess / Gap	**(34,516,192)**	**(33,842,235)**	**(6,788,032)**	**27,773,424**	**41,030,384**	**22,977,456**	**(16,634,805)**	**-**
Net Off-Balance Sheet Position[10]	**-**	**(1,156,689)**	**(915,308)**	**1,260,404**	**1,906,623**	**27,800**	**-**	**1,122,830**
Receivables from financial derivative instruments	-	42,886,011	26,710,279	14,308,819	40,026,017	32,234,805	-	156,165,931
Liabilities from derivative financial instruments	-	44,042,700	27,625,587	13,048,415	38,119,394	32,207,005	-	155,043,101
Non Cash Loans[11]	**-**	**2,300,896**	**3,178,517**	**14,212,232**	**4,524,946**	**565,058**	**8,343,292**	**33,124,941**

(1) The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, office stationery, and prepaid expenses are classified under ”Unallocated” column. Unallocated other liabilities include equities amounting to TL22,152,209, unallocated provisions amounting to TL1,648,401 and deferred tax liabilities amounting to TL278,506.

(2) Cash (Cash in Vault, Foreign Currency Cash, Cash in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include expected loss provisions amounting to TL7,084

(3) Banks include balance of expected loss provisions amounting to TL3,825

(4) Financial assets at fair value through profit/loss include derivative financial assets through profit loss amounting to TL18,446,821 (31 December 2020 - TL7,828,472)

(5) Financial assets at fair value through other comprehensive income include derivative financial assets through other comprehensive income amounting to TL3,359,463 (31 December 2020 - TL1,400,686)

(6) Loans and receivables include leasing and factoring receivables.

(7) Financial assets measured at amortized cost include TL9,793 of expected loss provisions.

(8) Other Liabilities also includes the portion of derivative financial liabilities at fair value through other comprehensive income amounting to TL12,783,890.

(9) Liquidity excess / (deficit) related to Derivative Financial Instruments constituting Net Off-Balance positions are included in Liquidity Excess / (deficit) through valuations of related transactions to balance sheet.

(10) Amounts related to letter of guarantees represent contractual maturities and amounts included in aforementioned maturities and they have on demand and optionally withdrawable nature.

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

Financial Liabilities according to the remaining maturities on the contract

The table below shows the maturity breakdown of the Bank's financial liabilities that are not classified as derivatives. These tables were prepared by taking the closest dates that the Bank will recognize its future cash flows. The interest payable through the said assets and liabilities are included in the tables below.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and longer	Total	Balance Sheet Value
Bank Deposits	569,447	11,665,338	689,192	74,678	-	-	12,998,655	12,977,095
Other Deposits	95,276,184	84,444,331	26,951,157	6,183,110	415,350	532	213,271,664	212,899,484
Payables to Money Market	-	5,153,520	5,458,091	4,496,346	2,444,984	840,625	18,393,566	18,190,614
Funds from other Financial Institutions	-	3,873,911	2,613,665	19,406,734	6,612,442	16,981,665	49,488,417	49,104,831
Securities Issued	-	2,825,984	1,727,417	15,526,763	11,561,025	-	31,641,189	29,802,816
Noncash Loans(*)	25,738,862	1,534,846	5,201,610	10,797,060	3,857,735	337,994	47,468,107	47,468,107

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and longer	Total	Balance Sheet Value
Bank Deposits	123,020	3,439,004	1,012,533	17,589	-	-	4,592,146	4,583,344
Other Deposits	49,918,940	55,257,083	16,316,357	4,220,636	342,026	365	126,055,407	125,691,512
Payables to Money Market	-	7,858,668	2,698,172	841,682	2,760,161	1,150,776	15,309,459	14,994,670
Funds from other Financial Institutions	-	1,901,236	1,886,529	12,981,992	10,225,274	5,819,570	32,814,601	32,601,184
Securities Issued	-	1,100,670	1,665,937	1,484,980	11,846,108	-	16,097,695	14,723,958
Noncash Loans(*)	8,343,292	2,300,899	3,178,517	14,212,233	4,524,946	565,054	33,124,941	33,124,941

(*) Amounts related to letters of guarantee represent maturities based on contract and amounts per these maturities and the amounts have the nature to be withdrawn on demand optionally

The table below shows the remaining maturity breakdown of the Bank's derivative assets and liabilities.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Longer	Total
Forward contracts buying(**)	5,019,304	3,602,030	3,968,966	662,874	-	13,253,174
Forward contracts selling(**)	(5,237,730)	(3,795,385)	(4,477,040)	(632,360)	-	(14,142,515)
Swap contracts buying(*)	68,750,440	30,290,853	36,925,332	47,708,043	46,222,873	229,897,541
Swap contracts selling(*)	(70,393,221)	(28,105,947)	(33,460,598)	(40,876,290)	(46,578,452)	(219,414,508)
Futures buying	-	361,004	18,906	-	-	379,910
Futures selling	-	(368,665)	(15,436)	-	-	(384,101)
Options buying	527,020	418,336	993,552	14,708	-	1,953,616
Options selling	(595,686)	(426,748)	(888,633)	(14,708)	-	(1,925,775)
Other	-	-	-	1,427,525	-	1,427,525
Total	**(1,929,873)**	**1,975,478**	**3,065,049**	**8,289,792**	**(355,579)**	**11,044,867**

(*) Derivative financial assets held for hedges are included.

(**) Includes the Dated, Asset Value Buying and Selling obligations that are in Obligations.

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and Longer	Total
Forward contracts buying(**)	3,675,446	1,690,279	1,866,574	708,839	-	7,941,138
Forward contracts selling(**)	(3,672,565)	(1,653,033)	(1,785,519)	(747,655)	-	(7,858,772)
Swap contracts buying(*)	40,724,015	24,456,156	7,163,843	40,813,660	32,332,669	145,490,343
Swap contracts selling(*)	(41,867,501)	(25,325,611)	(11,108,379)	(38,060,766)	(32,304,876)	(148,667,133)
Futures buying	324,076	609,122	122,178	-	-	1,055,376
Futures selling	(345,798)	(630,696)	(132,877)	-	-	(1,109,371)
Options buying	812,899	353,367	372,689	-	-	1,538,955
Options selling	(789,738)	(332,023)	(308,209)	-	-	(1,429,970)
Other	-	-	146,810	807,455	-	954,265
Total	**(1,139,166)**	**(832,439)**	**(3,662,890)**	**3,521,533**	**27,793**	**(2,085,169)**

(*) Derivative financial assets held for hedges are included.

(**) Includes the Dated, Asset Value Buying and Selling obligations that are in Obligations.

VII. Explanations on Consolidated Leverage Ratio

a) Information in regards to the differences between current period and prior period leverage ratio:

The Group's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 5.80% (31 December 2020 - 6.60%). Subject level is above the minimum requirement which is determined as 3% by the regulation. Difference between current period and prior period leverage ratios is mostly due to increase in risk amounts of balance sheet asset items.

b) Summary comparative table for total asset and total risk amount in consolidated financial statements prepared in accordance with TFRS:

	Current Period(**)	Prior Period(**)
1. Total asset amount in consolidated financial statements prepared in accordance with TFRS(*)	349,460,469	239,576,091
2. Difference between total asset amount in consolidated financial statements prepared in accordance with TFRS and total asset amount in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements	685,946	539,424
3. Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of derivative financial instruments and credit derivatives	2,119,562	1,708,901
4. Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of investment securities or financial transaction that are commodity collateralized	454,669	11,722,092
5. Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of off balance transactions	135,914,487	102,348,594
6. Other differences between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements	(1,420,516)	(847,141)
7. Total Risk Amount	**487,214,617**	**355,047,961**

(*) Consolidated financial statements prepared in accordance with the 5th clause and 6th subclause of Communique on the Preparation of Consolidated Financial Statements.

(**) Amounts presented above represent the arithmetic average of the last three months.

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

c) Leverage ratio public disclosure template:

The table related to leverage ratio calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" published in Official Gazette dated 5 November 2013 and numbered 28812 is below:

	Book Value	
	Current Period(*)	Prior Period(*)
Assets on Balance sheet		
Assets on Balance sheet (except for derivative financial instruments and credit derivatives, including guarantees)	330,397,308	228,404,635
(Assets deducted from capital stock)	1,420,516	847,141
Total risk amount related to Assets on Balance sheet	**328,976,792**	**227,557,494**
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	19,749,107	11,710,880
Potential credit risk amount of derivative financial instruments and credit derivatives	2,119,562	1,708,901
Total risk amount related to derivative financial instruments and credit derivatives	**21,868,669**	**13,419,781**
Financial transactions having security or commodity collateral		
Risk amount of financial transactions having security or commodity collateral	2,665	14,346
Risk amount sourcing from transactions mediated	452,004	11,707,746
Total risk amount related to financial transactions having security or commodity collateral	**454,669**	**11,722,092**
Off-Balance sheet Transaction		
Gross nominal amount of off-balance sheet transactions	196,081,218	140,280,531
(Adjustment amount sourcing from multiplying to credit conversion rates)	60,166,731	37,931,937
Total risk amount related to off-balance sheet transactions	**135,914,487**	**102,348,594**
Capital and Total Risk		
Core Capital	28,238,011	23,421,166
Amount of total risk	487,214,617	355,047,961
Financial leverage ratio		
Financial leverage ratio	5.80%	6.60%

(*) Amounts stated in table shows the last 3 months' averages of the related period.

VIII. Explanations Related to Presentation of Consolidated Financial Assets and Liabilities at Their Fair Value

The fair value of the fixed rate loans is determined based on discounted cash flows using the current market interest rates. Book value of floating rate loans represent their fair value.

The fair value of financial assets measured at amortized cost; market prices or, where such price cannot be determined, interest is determined on the basis of quoted market prices for other securities subject to the same qualified amortization in terms of maturity and other similar conditions.

The estimated fair value of the demand deposit represents the amount payable at the time of demand. The fair value of floating rate placements and overnight deposits represents the book value. The estimated fair value of fixed rate deposits is calculated by finding the discounted cash flows using market interest rates applied to similar loans and other liabilities.

The estimated fair value of funds from banks, other financial institutions, is determined based on discounted cash flows using the current market interest rates.

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

In the table below; the fair values and the carrying values of some of the financial assets and liabilities are presented. Book value represents the total of cost of subject asset and liabilities and accrued interest.

Current Period	Book value	Fair value
Financial Assets	**277,869,620**	**273,033,853**
Receivables from Money Market	159,508	159,508
Banks	15,820,128	15,816,458
Financial Assets Measured at Fair Value through Other Comprehensive Income	19,677,747	19,677,747
Financial Assets Measured at Amortized Cost	29,856,976	30,900,013
Credits Given	212,355,261	206,480,127
Financial Liabilities	**341,821,475**	**341,915,997**
Bank Deposits	12,977,093	12,982,717
Other Deposits	212,899,486	212,819,660
Funds from Other Financial Institutions	49,104,831	49,273,555
Payable to Money Market	18,190,614	18,190,614
Securities Issued	29,802,816	29,802,816
Other Debts	18,846,635	18,846,635

Prior Period	Book value	Fair value
Financial Assets	**182,534,209**	**179,696,660**
Receivables from Money Market	752,392	752,392
Banks	1,515,756	1,505,588
Financial Assets Measured at Fair Value through Other Comprehensive Income	15,190,114	15,190,114
Financial Assets Measured at Amortized Cost	18,743,356	19,214,463
Credits Given	146,332,591	143,034,103
Financial Liabilities	**201,838,274**	**201,964,825**
Bank Deposits	4,583,344	4,583,090
Other Deposits	125,691,512	125,646,294
Funds from Other Financial Institutions	32,601,184	32,773,207
Payable to Money Market	14,994,670	14,994,670
Securities Issued	14,723,958	14,723,958
Other Debts	9,243,606	9,243,606

TFRS 13, "Fair Value Measurement" requires classification of line items at fair value presented at the financial statements according to the defined levels. These levels depend on the observability of data used for fair value calculations.

Classification for fair value is generated as followed below:

a) Level 1: Assets or liabilities with prices recorded (unadjusted) in active markets (Exchange Value)

b) Level 2: Assets or liabilities that are excluded in the Level 1 of recorded prices directly observable by prices or indirectly observable derived through prices observable from similar assets or liabilities

c) Level 3: Assets and liabilities where no observable market data can be used for valuation (Valuation techniques cannot be measured in the market).

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

According to these classification principles stated, the Group's classification of financial assets and liabilities carried at their fair value are as follows:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets	**19,925,817**	**22,090,317**	**242,355**	**42,258,489**
Financial Assets at Fair Value through Profit/Loss(*)	306,441	225,662	242,355	774,458
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)(**)	19,619,376	58,371	-	19,677,747
Derivative Financial Assets	-	21,806,284	-	21,806,284
Financial Liabilities	**2,159**	**12,781,731**	**-**	**12,783,890**
Derivative Financial Liabilities	2,159	12,781,731	-	12,783,890

(*) Including the balance amounting to TL209,671 under Financial Assets at Fair Value Through Profit and Loss, which is disclosed in Note 6.b.2 of Section Five.

(**) The fair value difference does not include balance of shares amounting to TL7,674 which is included in Financial Assets at Fair Value through Other Comprehensive Income.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets	**15,519,557**	**9,388,609**	**126,806**	**25,034,972**
Financial Assets at Fair Value through Profit/Loss(*)	367,738	128,831	126,806	623,375
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)(**)	15,151,717	30,723	-	15,182,440
Derivative Financial Assets	102	9,229,055	-	9,229,157
Financial Liabilities	**2,924**	**8,153,540**	**-**	**8,156,464**
Derivative Financial Liabilities	2,924	8,153,540	-	8,156,464

(*) Including the balance amounting to TL126,806 under Financial Assets at Fair Value Through Profit and Loss, which is disclosed in Note 6.b.2 of Section Five.

(**) The fair value difference does not include balance of shares amounting to TL7,674 which is included in Financial Assets at Fair Value through Other Comprehensive Income.

Confirmation for fair value of financial assets under Level 3 is as below:

	Current Period	Prior Period
Opening Balance	**126,806**	**86,838**
Change in total gain/loss	*92,368*	*29,991*
Accounted in income statement	*92,368*	*29,991*
Accounted in other comprehensive income	-	-
Purchases	23,181	9,977
Disposals	-	-
Matured Loans	-	-
Sales from Level 3	-	-
Closing Balance	**242,355**	**126,806**

IX. Information on the services in the name and account 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.

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations And Disclosures Related To Consolidated Assets

1. a) Information on cash equivalents and the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	678,315	6,245,263	616,300	1,486,250
T.R. Central Bank	6,654,230	56,333,197	1,811,815	23,368,532
Others	103,735	279,831	77,629	45,935
Total	**7,436,280**	**62,858,291**	**2,505,744**	**24,900,717**

b) Information related to the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	6,654,230	18,465,910	1,811,815	9,884,092
Restricted Time Deposits	-	37,867,287	-	13,484,440
Total	**6,654,230**	**56,333,197**	**1,811,815**	**23,368,532**

As of 31 December 2021, a provision amounting to TL7,083 (31 December 2020 - TL3,399) has been provided to the Central Bank account.

As of 31 December 2021, our bank has been appointed to C.B.R.T. depending on the maturity structure, the required reserve rates for TL liabilities vary between 3% and 8% for TL deposits and other liabilities according to their maturities. The reserve rates for foreign currency liabilities vary between 5% and 25% for deposit and other foreign currency liabilities, Gold deposit liabilities vary between 22% and 36% for gold liabilities according to their maturities.

In accordance with the “Communiqué Regarding the Reserve Requirements”, the reserve requirements can be maintained as TL, USD, EUR and standard gold. According to the required reserve communiqué, as long as the amount converted to Turkish lira deposits with a maturity of 1 month or longer, foreign currency deposits (including precious metals) existing on 25 June 2021, remain in the Turkish lira time deposit account, the “Turkish Lira Time Deposit Conversion Amount” and benefits from a separate interest rate on the amount. In the period of 31 December 2021, the Parent Bank benefited from 14% interest rate over the Turkish Lira Time Deposit Conversion Amount. For TL required reserves, excluding the Turkish Lira Time Deposit Conversion Amount, interest was taken using the 8.5% interest rate.

2. Further information on financial assets at fair value through profit/loss (Net amounts are expressed):

a) Information on financial assets at fair value through profit or loss that are subject to repurchase agreements and given as collateral/blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Given as Collateral/blocked	-	19,850	-	16,933
Subject to repurchase agreement	1,373	-	-	-
Total	**1,373**	**19,850**	**-**	**16,933**

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

b) Positive differences related to derivative financial assets held-for-trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	373,516	-	150,165	-
Swap Transactions	7,457,376	1,722,657	2,598,768	1,660,617
Futures	-	-	-	-
Options	-	289,303	102	161,465
Total	**7,830,892**	**2,011,960**	**2,749,035**	**1,822,082**

3. a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	94,349	15,725,779	38,518	1,477,238
Domestic	94,336	1,781,296	38,361	127,763
Foreign	13	13,944,483	157	1,349,475
Foreign Head Offices and Branches	-	-	-	-
Total	**94,349**	**15,725,779**	**38,518**	**1,477,238**

Amount of TL3,826 provision is provided for banks account as of 31 December 2021 (31 December 2020 - TL10,189). In accordance with the Uniform Chart of Accounts, which became effective as of 1 January 2021, foreign bank guarantees amounting to TL7,481,729 as of the balance sheet date, which were among the other assets of the previous period, are reported in the line of foreign banks in the current period, the average maturity of these guarantees is 1 for months.

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount(**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1,267,901	604,462	7,479,468	4,423
USA and Canada	5,046,277	692,396	3,244	-
OECD Countries(*)	8,567	2,865	-	-
Off-shore Banking Regions	-	-	-	-
Other	139,039	45,486	-	-
Total	**6,461,784**	**1,345,209**	**7,482,712**	**4,423**

(*) Include OECD countries other than the EU countries, USA and Canada.

(**) No money is kept in blocked accounts in foreign banks for loans taken from foreign markets (31 December 2020 - None).

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

4. Information on receivables from reverse repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Transactions	**-**	**-**	**250,154**	**-**
T.R. Central Bank	-	-	-	-
Banks	-	-	250,124	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	30	-
Real Persons	-	-	-	-
Foreign Transactions	**-**	**159,508**	**-**	**92,610**
Central Banks	-	-	-	-
Banks	-	159,508	-	92,610
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Real Persons	-	-	-	-
Total	**-**	**159,508**	**250,154**	**92,610**

5. Information on financial assets measured at fair value through other comprehensive income:

a) Information on financial assets measured at fair value through other comprehensive income subject to repurchase agreements and provided as Collateral /blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Given as Collateral / Blocked	3,204,419	2,244,960	920,138	303,114
Subject to repurchase agreements	500,257	7,553,683	27,227	7,627,357
Total	**3,704,676**	**9,798,643**	**947,365**	**7,930,471**

b) Information on financial assets at fair value through other comprehensive income:

	Current Period	Prior Period
Debt Securties	**20,978,048**	**15,282,501**
Quoted on a stock exchange(*)	20,978,048	15,282,501
Unquoted on a stock exchange	-	-
Stocks	**44,443**	**16,806**
Quoted on a stock exchange	36,662	9,025
Unquoted on a stock exchange	7,781	7,781
Provision for Impairment (-)(**)	**(1,344,744)**	**(109,193)**
Total	**19,677,747**	**15,190,114**

(*) The Eurobond Portfolio amounting to TL4,561,219 (31 December 2020 - TL3,176,047) which is accounted for as financial assets measured at fair value through other comprehensive income were hedged under fair value hedge accounting starting from March and April 2009.

(**) As of 31 December 2021, amount of TL2,815 (31 December 2020 - TL2,083) provision provided for financial assets measured at fair value through other comprehensive income account.

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

6. Information related to loans:

a) Information on all types of loans and advances given to shareholders and employees of the Parent Bank:

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	**-**	**55,271**	**2,500**	**45,878**
Corporate Shareholders	-	55,271	2,500	45,878
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees(*)	170,379	-	149,520	-
Total	**170,379**	**55,271**	**152,020**	**45,878**

(*) Includes advances given to the bank personnel.

b) Information on first and second group loans, other receivables, restructured or rescheduled loans and other receivables:

b.1) Financial assets measured at amortized cost

		Loans Under Close Monitoring(*)		
			Restructured Loans and Receivables	
Cash Loans	Standard Loans and Other Receivables	Loans and Receivables Not Subject to Restructuring	Loans and Receivables with Revised Contract Terms	Refinance
Non Specialized Loans	**182,379,162**	**9,880,936**	**1,273,729**	**8,037,918**
Enterprise Loans	3,794,049	7,261	-	-
Export Loans	10,210,672	47,381	-	-
Import Loans	6,326	-	-	-
Financial Sector Loans	4,705,939	30	-	-
Consumer Loans	36,850,259	1,364,396	275,845	756,903
Credit Cards	27,761,240	1,879,865	-	405,567
Other	99,050,676	6,582,003	997,884	6,875,448
Specialized Loans	**-**	**-**	**-**	**-**
Other Receivables	**-**	**-**	**-**	**-**
Total	**182,379,162**	**9,880,936**	**1,273,729**	**8,037,918**

	Standard Loans	Loans Under Close Monitoring
Current Period		
12 Month Expected Credit Losses	2,136,918	-
Significant Increase in Credit Risk	-	3,416,721
Prior Period		
12 Month Expected Credit Losses	926,955	-
Significant Increase in Credit Risk	-	1,598,718

b.2) Loans at fair value through profit or loss:

As of 31 December 2021, The Parent Bank has classified the loan amounting to TL209,671 (31 December 2020 - TL116,829) under loans at fair value through profit or loss in accordance with TFRS 9.

c) Loans with amortized cost and other receivables according to their maturity structure:

		Loans Under CloseMonitoring	
Cash Loans	Standard Loans	Loans Not Subject to Restructuring	Restructured Loans
Short-term Loans	74,463,106	1,879,865	405,567
Medium and Long-term Loans	107,916,056	8,001,071	8,906,080
Total	**182,379,162**	**9,880,936**	**9,311,647**

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

d) Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short Term	Medium and Long Term	Total
Consumer Loans - TL	**1,701,462**	**34,169,227**	**35,870,689**
Housing Loans	778	3,526,423	3,527,201
Automobile Loans	561	19,188	19,749
Personal Need Loans	1,700,123	30,623,616	32,323,739
Other	-	-	-
Consumer Loans - FC Indexed	**-**	**1,563**	**1,563**
Housing Loans	-	1,397	1,397
Automobile Loans	-	-	-
Personal Need Loans	-	166	166
Other	-	-	-
Consumer Loans - FC	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Individual Credit Cards - TL	**22,036,521**	**401,965**	**22,438,486**
Installment	8,061,856	279,539	8,341,395
Non- Installment	13,974,665	122,426	14,097,091
Individual Credit Cards - FC	**41,282**	**94**	**41,376**
Installment	-	-	-
Non- Installment	41,282	94	41,376
Personnel Loans - TL	**7,514**	**89,142**	**96,656**
Housing Loans	-	48	48
Automobile Loans	-	-	-
Personal Need Loans	7,514	89,094	96,608
Other	-	-	-
Personnel Loans - FC Indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Personnel Loans - FC	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Personnel Credit Cards - TL	**70,452**	**617**	**71,069**
Installment	24,138	211	24,349
Non-Installment	46,314	406	46,720
Personnel Credit Cards - FC	**152**	**-**	**152**
Installment	-	-	-
Non-Installment	152	-	152
Overdraft Accounts - TL (Real Persons)	**3,140,408**	**138,087**	**3,278,495**
Overdraft Accounts - FC (Real Persons)	**-**	**-**	**-**
Total	**26,997,791**	**34,800,695**	**61,798,486**

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

e) Information on commercial installment loans and corporate credit cards:

	Short Term	Medium and Long Term	Total
Commercial Loans with Installment Facility - TL	**1,021,047**	**18,212,892**	**19,233,939**
Real Estate Loans	-	215,253	215,253
Automobile Loans	22,431	646,336	668,767
Personal Need Loans	998,616	17,351,303	18,349,919
Other	-	-	-
Commercial Loans with Installment Facility - FC Indexed	**-**	**362,019**	**362,019**
Real Estate Loans	-	1,730	1,730
Automobile Loans	-	1,701	1,701
Personal Need Loans	-	358,588	358,588
Other	-	-	-
Commercial Loans with Installment Facility - FC	**-**	**-**	**-**
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Corporate Credit Cards - TL	**7,372,818**	**119,208**	**7,492,026**
Installment	3,095,987	81,741	3,177,728
Non-Installment	4,276,831	37,467	4,314,298
Corporate Credit Cards - FC	**3,555**	**8**	**3,563**
Installment	-	-	-
Non-Installment	3,555	8	3,563
Overdraft Accounts - TL (Legal Entities)	**1,211,149**	**6,422**	**1,217,571**
Overdraft Accounts - FC (Legal Entities)	**-**	**-**	**-**
Total	**9,608,569**	**18,700,549**	**28,309,118**

f) Allocation of loans by customers(*):

	Current Period	Prior Period
Public	127,577	-
Private	201,444,168	138,974,639
Total	**201,571,745**	**138,974,639**

(*) It does not include the non-performing loan amount.

g) Allocation of domestic and foreign loans(*):

	Current Period	Prior Period
Public	199,914,126	137,833,837
Private	1,657,619	1,140,802
Total	**201,571,745**	**138,974,639**

(*) It does not include the non-performing loan amount.

h) Loans to associates and subsidiaries:

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	2,202,964	1,256,220
Indirect Loans Granted to Subsidiaries and Associates	-	-
Total	**2,202,964**	**1,256,220**

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

i) Specific provisions for loans (Third Stage)

	Current Period	Prior Period
Provisions		
Loans and Receivables with Limited Collectability	675,951	529,166
Loans and Receivables with Doubtful Collectability	486,017	313,178
Uncollectible Loans and Receivables	5,970,188	6,290,728
Total	**7,132,156**	**7,133,072**

j) Non-performing loans (NPLs) (Net):

j.1) Non-performing loans restructured or rescheduled and other receivables:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period			
Gross Amounts Before the Provisions	79,801	35,301	270,005
Restructured Loans	79,801	35,301	270,005
Prior Period			
Gross Amounts Before the Provisions	38,242	44,862	316,399
Restructured Loans	38,242	44,862	316,399

j.2) Movement of non-performing loans

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Prior Period End Balance	**970,934**	**550,502**	**8,001,930**
Additions (+)	1,427,513	1,411,680	291,846
Transfers from Other Categories of Non-Performing Loans (+)	63,736	1,082,516	1,976,505
Transfers to Other Categories of Non-Performing Loans (-)	1,082,719	1,976,301	63,736
Collections (-)	112,886	300,448	1,500,083
Non-registered (-)	-	-	126,001
Write-offs (-)	**-**	**-**	**1,098,841**
Corporate and Commercial Loans	-	-	282,393
Consumer Loans	-	-	339,137
Credit Cards	-	-	440,076
Others	-	-	37,235
Current Period End Balance	**1,266,578**	**767,949**	**7,481,620**
Specific Provision (-)	675,951	486,017	5,970,188
Prior Period End Balance	**590,627**	**281,932**	**1,511,432**

(*) The bank has sold TL1,019,989 of its non-performing loans portfolio to an asset management firm for TL205,772.

j.3) Information on non-performing loans granted as foreign currency loans:

None (31 December 2020 - None).

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

j.4) Breakdown of non-performing loans according to their gross and net values:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period (Net)	**590,627**	**281,932**	**1,511,432**
Loans to Real Persons and Legal Entities (Gross)	1,266,578	767,949	7,337,381
Provision (-)	675,951	486,017	5,825,949
Loans to Real Persons and Legal Entities (Net)	590,627	281,932	1,511,432
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	144,239
Provision (-)	-	-	144,239
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	**441,768**	**237,324**	**1,711,202**
Loans to Real Persons and Legal Entities (Gross)	970,934	550,502	7,789,721
Provision (-)	529,166	313,178	6,078,519
Loans to Real Persons and Legal Entities (Net)	441,768	237,324	1,711,202
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	212,209
Provision (-)	-	-	212,209
Other Loans and Receivables (Net)	-	-	-

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Year (Net)			
Interest accruals and valuation differences	199,479	88,104	1,196,682
Provision Amount (-)	110,303	41,738	792,353
Prior Period (Net)			
Interest Accruals and Rediscounts and Valuation Differences	441,513	61,920	705,452
Provision Amount (-)	240,067	32,732	497,744

k) Explanation on liquidation policy for uncollectible loans and other receivables:

For the unrecoverable non-performing loans under legal follow up, the loan quality, collateral quality, bona fide of the debtor and assessment of the emergency of legal follow up are considered, before applying the best practice for unrecoverable non-performing loans under legal follow up. The Parent Bank prefers to liquidate the risk through negotiations with the debtors as well as The Parent Bank starts the legal procedures for the liquidation of the risk. Ongoing legal follow up procedures do not prevent negotiations with the debtors. An agreement is made with the debtor at all stage of the negotiations for the liquidation of the risk.

1) Explanations regarding the write-off policy:

The Parent Bank's general policy on write-off of NPLs is explained in Note VIII of Section Three.

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

7. Information on factoring receivables

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term	2,882,199	921,323	1,858,719	338,166
Medium and Long Term	6,996	-	13,562	-
Total	**2,889,195**	**921,323**	**1,872,281**	**338,166**

Changes in provision for non-performing factoring receivables are as follows:

	Current Period	Prior Period
Prior Period End Balance	82,530	83,938
Provided Provision/(Reversal) (Net)	53,781	11,779
Collections	(16,511)	(13,186)
Write-offs	(37,235)	-
Provision at the End of Period	**82,565**	**82,531**

8. Information on financial assets measured at amortized cost

a) Information on financial assets measured at amortized cost which are subject to repurchase agreements and given as Collateral/Blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Given as Collateral / Blocked	1,261,325	635,643	1,943,581	-
Subject to repurchase agreements	1,506,303	13,431,793	3,545,946	7,500,243
Total	**2,767,628**	**14,067,436**	**5,489,527**	**7,500,243**

b) Information on government debt securities measured at amortized cost

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bond	14,876,060	14,162,999	9,559,633	8,413,913
Treasury Bill	-	-	-	-
Other Public Sector Debt Securities	-	254,975	-	208,029
Total	**14,876,060**	**14,417,974**	**9,559,633**	**8,621,942**

c) Information on investments securities measured at amortized cost

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Securities	**14,876,060**	**14,980,916**	**9,559,633**	**9,183,723**
Publicly-traded	14,876,060	14,980,916	9,559,633	9,183,723
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	**-**	**-**
Total	**14,876,060**	**14,980,916**	**9,559,633**	**9,183,723**

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

d) Movement of investment measured at amortized cost within the period

	Current Period	Prior Period
Balance at the beginning of the period	**18,743,356**	**16,181,302**
Exchange differences on monetary assets	6,418,170	1,745,496
Acquisitions during the year	5,543,887	2,333,458
Disposals through sales and redemptions	(2,609,710)	(2,260,925)
Impairment provision (-)	-	-
Valuation Effect	1,761,273	744,025
Total	**29,856,976**	**18,743,356**

As of 31 December 2021, a provision amounting to TL9,793 (31 December 2020 - TL10,156) is provided for the financial assets measured at amortized cost.

9. Information on investments in associates (Net)

9.1. Information on unconsolidated associates:

Description	Address (City/ Country)	Bank's Share-If Different, Voting Rights (%)	Bank's Risk Group Share (%)
Bankalararası Kart Merkezi (BKM)(*)	Istanbul/Turkey	4.52	4.52
Ulusal Derecelendirme A.Ş.(**)	Istanbul/Turkey	2.86	2.86

Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
299,199	397,536	96,050	27,496	-	93,651	53,042	-
34,723	27,961	26,022	639	-	2,467	6,146	-

(*) Current year information is based on 30 September 2021 financials. Prior year profit and loss amounts are based on 31 December 2020 financials.

(**) Current year information is based on 31 December 2020 financials. Prior year profit and loss amounts are based on 31 December 2020 financials.

9.2. Movements of investments in associates:

	Current Period	Prior Period
Balance at the Beginning of Period	**14,027**	**5,982**
Movements During the Period	**-**	**8,045**
Acquisitions	-	-
Bonus Shares Received	-	8,045
Dividends From Current Year Profit	-	-
Sales	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at the End of the Period	**14,027**	**14,027**
Capital Commitments	**-**	**-**
Share Percentage at the end of the Period (%)	**-**	**-**

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

9.3. Sectoral information on investment and associates, and the related carrying amounts:

	Current Period	Prior Period
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	14,027	14,027
Total	**14,027**	**14,027**

9.4. Quoted Associates :

None (31 December 2020 - None).

9.5. Valuation methods of investments in associates:

	Current Period	Prior Period
Valued at Cost	14,027	14,027
Valued at Fair Value	-	-
Valued at Equity Method	-	-
Total	**14,027**	**14,027**

9.6. Investments in associates sold during the current period:

None (31 December 2020 - None).

9.7. Information on subsidiaries (Net):

a) Information on the Parent Bank's unconsolidated subsidiaries:

Subsidiaries below have not been consolidated since they are Non-financial investments, they are instead valued by cost method.

	Title	Address (City/Country)	Bank's Share - If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1.	Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş.	Istanbul/Turkey	99.91	99.99
2.	EFINANS Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.	Istanbul/Turkey	100.00	100.00

	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Company's Fair Value
1.	83,232	14,540	33,294	-	-	11,873	104	-
2.	46,656	22,737	5,655	3,336		6,775	(4,128)	-

(*) Current period information is planned on the basis of 31 December 2021, if previous profits and losses are applied, as of 31 December 2020.

b) Information on the Parent Bank's consolidated subsidiaries:

b.1) Information on the consolidated subsidiaries:

	Subsidiary	Address (City/Country)	Bank's Share - If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1.	QNB Finans Yatırım Menkul Değerler A.Ş.	Istanbul/Turkey	99.80	100.00
2.	QNB Finans Finansal Kiralama A.Ş.	Istanbul/Turkey	99.40	99.40
3.	QNB Finans Portföy Yönetimi A.Ş.	Istanbul/Turkey	88.89	100.00
4.	QNB Finans Faktoring A.Ş.	Istanbul/Turkey	99.99	100.00
5.	QNB Finans Varlık Kiralama Şirketi A.Ş.	Istanbul/Turkey	-	100.00

Information on subsidiaries in the order as presented in the table above:

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Company's Fair Value(*)
1.	1,081,184	543,344	21,960	174,254	8,223	183,054	166,706	-
2.	12,896,248	1,237,631	22,508	863,535	-	201,536	140,668	-
3.	119,330	110,011	1,365	1,839	-	23,383	11,616	-
4.	4,050,086	260,648	17,035	496,189	-	59,826	31,445	-
5.	395	383	-	-	-	-	183	-

b.2) Movement schedule for consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	**1,645,370**	**1,334,906**
Movements during the Period	**484,428**	**310,464**
Bonus Shares Received	-	-
Purchases	-	-
Dividends from Current Year Profit	-	-
Disposals(*)	(25,651)	-
Revaluation Difference(**)	510,079	310,464
Provisions for Impairment	-	-
Balance at the End of the Period	**2,129,798**	**1,645,370**
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

(*) The sale amount of the Hemenal Finansman A.Ş pursuant to the decision of the Board of Directors dated 19 October 2020. As of the balance sheet date, the said sale transaction was completed on 31 May 2021.

(**) Includes equity method accounting differences.

b.3) Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Factoring Companies	260,648	201,852
Leasing Companies	1,230,205	1,031,467
Finance Companies	-	25,651
Other Subsidiaries	638,945	386,400
Total	**2,129,798**	**1,645,370**

The balances of the subsidiaries have been eliminated as part of the consolidation principles.

b.4) Subsidiaries quoted to a stock exchange:

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	1,230,205	1,031,467
Quoted on International Stock Exchanges	-	-
Total	**1,230,205**	**1,031,467**

b.5) Information on shareholders' equity of the significant subsidiaries:

None.

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

10. Information on joint ventures:

	Title	Address (City/ Country)	Bank's Share-If different, Voting Rights (%)	Bank' Risk Group Share (%)
1.	Cigna Sağlık, Hayat ve Emeklilik A.Ş.	Istanbul/Turkey	49.00	49.00
2.	Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	Istanbul/Turkey	33.33	33.33

	Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Securities Income	Current Period Profit/ Loss	Prior Period Profit/Loss	Company's Fair Value
1. (*)	2,398,283	348,448	36,364	-	-	259,843	185,501	-
2.	211,574	145,667	41,467	-	-	47,210	27,501	-

(*) Cigna Sağlık, Hayat ve Emeklilik A.Ş., which is among the joint ventures of the Parent Bank, is accounted by the fair value method in the unconsolidated financial statements in accordance with the Turkish Financial Reporting Standards.

(**) Current period information is stated as of 30 November 2021, prior period profit and loss amounts are based on the financial statements prepared as of 31 December 2020.

11. Information on lease receivables (Net):

11.1 Maturity analysis of financial lease receivables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	4,865,238	4,074,767	2,895,127	2,422,825
Between 1-4 years	6,665,208	5,861,829	4,783,923	4,075,716
Over 4 years	872,077	753,152	715,169	674,257
Total	**12,402,523**	**10,689,748**	**8,394,219**	**7,172,798**

Finance lease receivables include non-performing finance lease receivables amounting to TL444,536 (31 December 2020 - TL315,965) and expected credit loss amounting to TL298,510 (31 December 2020 - TL 175,025).

Changes in non-performing finance lease receivables provisions are as follows

	Current Period	Prior Period
End of the prior period	175,025	147,827
Provided provision / (reversal) (Net)	181,665	75,531
Collections	(16,563)	(4,687)
Written-off	(41,617)	(43,646)
Provision at the end of the period	**298,510**	**175,025**

11.2. Information on net investments in finance leases

	Current Period	Prior Period
Gross Finance Lease Investments	12,393,269	8,376,480
Unearned Finance Income (-)	1,703,521	1,203,682
Cancelled Leasing Agreements (-)	-	-
Net Investment on Leases	**10,689,748**	**7,172,798**

11.3. Information of finance lease contracts of the Parent Bank

The leasing balances between the Parent Bank and the subsidiaries have been eliminated as part of the consolidation principles.

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

12. Information on the hedging derivative financial assets:

	Current Period(***)		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge(*)	8,396,620	207,349	2,967,614	289,740
Cash Flow Hedge(**)	3,214,981	144,482	1,143,010	257,676
Net Investment Hedge	-	-	-	-
Total	**11,611,601**	**351,831**	**4,110,624**	**547,416**

(*) Derivative Financial Instruments at fair value consists swaps. As of 31 December 2021, TL8,388,215 (31 December 2020 - TL2,966,278) from loans, TL206,207 (31 December 2020 - TL265,248) from securities, represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value.

(**) Represents the fair value of derivative financial instruments for cash flow hedge of deposits and floating interest borrowings.

13. Explanations on investment properties:

None (31 December 2020 - None).

14. Explanations on tangible assets:

	Land and Buildings	Fixed Assets from Finance Lease	Vehicles	Other Fixed Assets	Total
Prior Period End					
Cost	3,097,230	307,354	101,612	2,023,762	5,529,958
Accumulated Depreciation (-)	387,869	255,695	26,801	1,370,408	2,040,773
Net Book Value	**2,709,361**	**51,659**	**74,811**	**653,354**	**3,489,185**
Current Period End					
Cost at the Beginning of the Period	**3,097,230**	**307,354**	**101,612**	**2,023,762**	**5,529,958**
Costs regarding Subsidiaries	-	-	-	-	-
Additions(*)	232,164	164	117,621	347,484	697,433
Disposals (-)	73,780	10,745	18,425	25,554	128,504
Impairment (-)/ (increase)	(3,972)	-	-	6	(3,966)
Current Period Cost	**3,251,642**	**296,773**	**200,808**	**2,345,698**	**6,094,921**
Accumulated Depreciation at the Beginning of the Period	**387,869**	**255,695**	**26,801**	**1,370,408**	**2,040,773**
Accumulated Depreciation regarding Subsidiaries	-	-	-	-	-
Disposals (-)	76,682	3,405	18,970	24,367	123,424
Transfer (-)	-	-	-	-	-
Depreciation amount	234,199	4,129	43,147	201,582	483,057
Accumulated Depreciation at the End of the Period (-)	**545,386**	**256,419**	**50,978**	**1,547,623**	**2,400,406**
Net Book Value at the End of the Period	**2,706,256**	**40,354**	**149,830**	**798,075**	**3,694,515**

(*)As mentioned in Section 3 footnote IV, the fair value currency difference income amounting to TL27,685 (the amortized) that belongs to the real estate, which is subjected to fair value hedge accounting by the Parent Bank, is shown in the "Additions" line of the Financial Fixed Assets movement table.

a) If impairment on individual asset recorded or reversed in the current period is material for the overall financial statements:

Events and conditions for recording or reversing impairment and amount of recorded or reversed impairment in the financial statements:

The fair values of the buildings are determined by the licensed expertise companies and as a result of the changes in the fair value of these buildings, the impairment loss of TL6,821 has been booked. (31 December 2020 - TL2,337 impairment loss has been booked).

b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially effecting the overall financial statements, and the reason and conditions for this:

None (31 December 2020 - None).

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

c) Pledges, mortgages and other restrictions (if any) on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets:

None (31 December 2020 - None).

15. Explanations on Intangible Assets:

	Rights	Goodwill	Total
Prior Period End			
Cost	1,598,000	-	1,598,000
Accumulated Amortization (-)	1,077,285	-	1,077,285
Net Book Value	**520,715**	**-**	**520,715**
Current Period End			
Cost at the Beginning of the Period	**1,598,000**	**-**	**1,598,000**
Costs related to acquisition of subsidiary			
Additions	306,106	-	306,106
Disposals (-)	72	-	72
Value Decrease (-)/(increase)	-	-	-
Current Period Cost	**1,904,034**	**-**	**1,904,034**
Acc, Amort, At the Beginning of the Period	**1,077,285**	**-**	**1,077,285**
Accrued amortization related to acquisition of subsidiary	-		
Disposals (-)	10	-	10
Amortization charge	178,175	-	178,175
Current Period Accumulated Amortization (-)	**1,255,449**	**-**	**1,255,449**
Net Book Value-End of the Period	**648,585**	**-**	**648,585**

a) Disclosures for book value, description and remaining life to be amortized for a specific intangible fixed asset that is material to the financial statements:

None (31 December 2020 - None).

b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:

None (31 December 2020 - None).

c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition:

None (31 December 2020 - None).

d) The book value of intangible fixed assets that are pledged or restricted for use:

None (31 December 2020 - None).

e) Amount of purchase commitments for intangible fixed assets:

None (31 December 2020 - None).

f) Information on revalued intangible assets according to their types:

None (31 December 2020 - None).

g) Amount of total research and development expenses recorded in income statement within the period if any:

Amount of total research expenses recorded in income statement within the period is TL15,734 (31 December 2020 - TL14,774).

h) Positive or negative consolidation goodwill on entity basis:

None (31 December 2020 - None).

i) Goodwill's book value at beginning , during and end of period:

Explanation about balance sheet's debit accounts and footnotes section specified in number 15 footnote.

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

16. Information on deferred tax asset

As of 31 December 2021, the Parent Bank has deferred tax asset amounting to TL341,690 under the related regulations.

According to TAS 12, deferred tax assets and liabilities are netted off in the financial statements. As of 31 December 2021, the carrying amount of the assets and liabilities in the balance sheet and the tax basis determined in accordance with the tax legislation and deferred tax asset amounting to TL2,843,450 calculated over the amounts to be taken into consideration in the calculation of financial profit / loss in the following periods and deferred tax liability amounting to TL2,501,760 which are calculated over the amounts to be taken into consideration in the calculation of financial profit / loss in the following periods.

In cases whereby deferred tax differences arising from the differences between the carrying amounts and the taxable amounts of the assets subjected to deferred tax that are related with certain items under the shareholders' equity accounts, the deferred tax benefits/charges are netted under these accounts. The deferred tax assets amounting to TL256,390 are netted under equity. (31 December 2020 - TL39,419 deferred tax assets).

	Temporary Differences		Deferred Tax Assets/(Liabilities)	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Provision for Employee Rights	1,032,218	631,149	206,707	126,230
Difference Between the Book Value of Financial Assets and Tax Base	5,097,757	1,380,136	1,019,551	276,027
Other	8,085,958	5,156,827	1,617,192	1,034,795
Deferred Tax Assets			**2,843,450**	**1,437,052**
Differences Between Carrying Value and Tax Value of Tangible Fixed Assets	(450,917)	(381,463)	(90,183)	(76,293)
Differences Between Carrying Value and Tax Basis of Financial Assets	(10,879,235)	(1,265,063)	(2,175,847)	(253,012)
Other	(483,321)	(368,326)	(235,730)	(73,665)
Deferred Tax Liabilities			**(2,501,760)**	**(402,970)**
Deferred Tax Asset/(Liability) (Net)			**341,690**	**1,034,082**

(*) Includes accumulated temporary differences regarding expected loss provisions and other provisions.

	Current Period 01.01-31.12.2021	Prior Period 01.01-31.12.2020
Deferred Tax as of 1 January Asset/(Liability) - (Net)	1,034,082	445,244
Deferred Tax (Loss)/Gain	(948,782)	549,419
Deferred Tax that is Realized Under Shareholder's Equity	256,390	39,419
Deferred Tax Asset/(Liability) (Net)	**341,690**	**1,034,082**

17. Information on assets held for sale and discontinued operations

	Current Period	Prior Period
Opening Balance Net Book Value	**-**	**-**
Additions(*)	-	-
Impairment (-)	-	-
Closing Net Book Value	**-**	**-**

(*) In prior period, within the context of the existing loan agreements, all creditors including the Bank have reached an agreement on restructuring the loans granted to Ojer Telekomünikasyon A.Ş. (OTAŞ) who is the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) and it is contemplated that Türk Telekom's number of 192,500,000,000 A group shares owned by OTAŞ, representing 55% of its issued share capital corresponding to A group shares have been pledged as a guarantee for the existing facilities would be taken over by a special purpose entity which is incorporated or will be incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. As per the agreed structure, it is agreed on the corresponding agreements, completed all required corporate and administrative permissions and the transaction is concluded by a transfer of the aforementioned shares to the special purpose entity incorporated in the Turkish Republic, and owned by directly or indirectly by all creditors. In this context, the Bank owned 1.19% of the founded special purpose entity and the related investment is considered within the scope of TFRS 5 "Assets Held for Sale and Discontinued Operation.

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

18. Information on other assets:

Other assets of the balance sheet do not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

As of 31 December 2021, the bank provisions for other assets to TL8,503 (31 December 2020 - TL8,033).

19. Information on accrued interest and income

The details of interest and income accruals and rediscounts distributed on the related accounts and the details of the unrealized fair value increases (decreases) are presented in the table below.

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Assets	19,442,493	2,363,791	6,859,659	2,369,498
Loans	4,113,202	1,172,015	3,550,643	788,150
Securities Measured at Amortized Cost	858,545	241,641	464,532	145,944
Financial Assets Measured at Fair Value through Other Comprehensive Income	282,288	(984,469)	157,628	199,644
Central Bank	143,453	-	23,626	-
Leasing Receivables	-	-	-	-
Banks	87	11	183	1
Financial Assets Measured at Fair Value through Profit/Loss	3,139	81	37	1,182
Other Accruals	37,658	1,835	69,085	522
Total	**24,880,865**	**2,794,905**	**11,125,393**	**3,504,941**

II. Explanations and Disclosures Related to Consolidated Liabilities

1. Information on maturity structure of deposits

Current Period

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	**8,461,102**	**-**	**14,099,359**	**22,054,036**	**2,852,082**	**412,060**	**1,057,209**	**1,030**	**48,936,878**
Foreign Currency Deposits	**61,052,728**	**-**	**10,821,111**	**35,233,390**	**9,175,765**	**2,243,798**	**2,530,106**	**5,290**	**121,062,188**
Residents in Turkey	58,567,314	-	10,586,533	34,389,977	8,755,156	2,140,704	1,566,486	5,290	116,011,460
Residents Abroad	2,485,414	-	234,578	843,413	420,609	103,094	963,620	-	5,050,728
Public Sector Deposits	**523,066**	**-**	**22,699**	**1,886**	**859**	**719**	**-**	**-**	**549,229**
Commercial Deposits	**4,968,742**	**-**	**7,699,926**	**7,118,381**	**51,125**	**12,203**	**15,122**	**-**	**19,865,499**
Other Ins, Deposits	**76,498**	**-**	**39,437**	**735,107**	**1,234**	**33,650**	**245**	**-**	**886,171**
Precious Metal Deposits	**20,194,048**	**-**	**-**	**129,327**	**48,272**	**29,318**	**1,198,554**	**-**	**21,599,519**
Bank Deposits	**569,447**	**-**	**11,644,754**	**688,474**	**74,420**	**-**	**-**	**-**	**12,977,095**
T.R. Central Bank	-	-	8,629,829	-	-	-	-	-	8,629,829
Domestic Banks	3,857	-	210,075	-	-	-	-	-	213,932
Foreign Banks	561,120	-	2,804,850	688,474	74,420	-	-	-	4,128,864
Participation Banks	4,470	-	-	-	-	-	-	-	4,470
Other	-	-	-	-	-	-	-	-	-
Total	**95,845,631**	**-**	**44,327,286**	**65,960,601**	**12,203,757**	**2,731,748**	**4,801,236**	**6,320**	**225,876,579**

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

Prior Period

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	**5,796,641**	**-**	**8,108,215**	**17,597,011**	**1,513,801**	**780,673**	**1,205,634**	**921**	**35,002,896**
Foreign Currency Deposits	**25,240,385**	**-**	**5,436,916**	**26,109,923**	**3,260,457**	**714,797**	**1,577,949**	**3,652**	**62,344,079**
Residents in Turkey	24,144,299	-	5,378,006	25,593,977	3,059,338	680,693	1,159,552	3,652	60,019,517
Residents Abroad	1,096,086	-	58,910	515,946	201,119	34,104	418,397	-	2,324,562
Public Sector Deposits	**254,718**	**-**	**10,239**	**284**	**1,212**	**-**	**-**	**-**	**266,453**
Commercial Deposits	**3,790,736**	**-**	**3,177,846**	**4,803,343**	**158,876**	**99,557**	**7,175**	**-**	**12,037,533**
Other Ins, Deposits	**70,423**	**-**	**39,727**	**342,170**	**2,136**	**101,130**	**464**	**-**	**556,050**
Precious Metal Deposits	**14,766,037**	**-**	**634**	**65,986**	**14,492**	**4,545**	**632,807**	**-**	**15,484,501**
Bank Deposits	**123,020**	**-**	**3,436,159**	**1,006,657**	**17,508**	**-**	**-**	**-**	**4,583,344**
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	3,432	-	146,810	-	-	-	-	-	150,242
Foreign Banks	115,234	-	3,289,349	1,006,657	17,508	-	-	-	4,428,748
Participation Banks	4,354	-	-	-	-	-	-	-	4,354
Other	-	-	-	-	-	-	-	-	-
Total	**50,041,960**	**-**	**20,209,736**	**49,925,374**	**4,968,482**	**1,700,702**	**3,424,029**	**4,573**	**130,274,856**

1.1. Information on savings deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund:

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	23,295,509	18,829,545	25,641,369	16,297,157
Foreign Currency Savings Deposits	23,322,540	17,246,257	74,161,488	39,206,519
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	**46,618,049**	**36,075,802**	**99,802,857**	**55,503,676**

1.2. Savings deposits in Turkey are not covered under insurance in another country since headquarter of the Group is not located abroad.

1.3. Savings deposits which are not under the guarantee of saving deposit insurance fund:

	Current Period	Prior Period
Deposits and accounts in branches abroad	3,014	12,838
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairperson and members of the Board of Directors and their close family members	410,147	223,784
Deposits obtained through illegal acts defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated 26 September 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off-shore banking Activities	-	-
Total	**413,161**	**236,622**

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

2. Information on trading derivative financial liabilities

a) Negative differences table for derivative financial liabilities held for trading:

	Current Period(*)		Prior Period	
	TL	FC	TL	FC
Forwards	1,622,423	-	113,425	296
Swaps	7,358,117	1,735,074	4,620,535	1,721,774
Futures	-	-	-	-
Options	2,159	67,196	2,924	26,523
Other	-	-	-	-
Total	**8,982,699**	**1,802,270**	**4,736,884**	**1,748,593**

(*) Derivative financial liabilities held for trading in the current period are shown on the financial statement in 7.1. Derivative Financial Liabilities line.

3. Information on borrowings:

a) Negative differences table for derivative financial liabilities held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank Loans	-	-	-	-
Domestic Banks and Institutions	3,826,595	2,332,481	2,428,930	1,857,327
Foreign Banks, Institutions and Funds	77,991	31,015,200	426,826	21,183,807
Total	**3,904,586**	**33,347,681**	**2,855,756**	**23,041,134**

b) Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	3,112,462	3,208,836	2,167,283	6,390,760
Medium and Long-Term	792,124	30,138,845	688,473	16,650,374
Total	**3,904,586**	**33,347,681**	**2,855,756**	**23,041,134**

The Parent Bank's fund sources include deposits, funds borrowed, securities issued and money market borrowings. Deposit is the most significant fund source of the Parent Bank and does not present any risk concentration with its consistent structure extended to a wide base. Funds borrowed mainly consist of funds provided by foreign financial institutions which have different characteristics and maturity-interest structure such as syndication, securitization, and post-financing. There isn't risk concentration on the fund sources of the Parent Bank.

c) Additional information on concentrations of the Group's liabilities:

As of 31 December 2021, the Group's liabilities comprise; 59% deposits (31 December 2020 - 55%), 10% funds borrowed (31 December 2020 - 11%), 8% issued bonds (31 December 2020 - 6%) and 5% funds provided from money market borrowings (31 December 2020 - 6%)

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

4. Information on funds provided under repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic transactions	**1,892,535**	**-**	**3,689,555**	**-**
Financial institutions and organizations	1,878,568	-	3,675,307	-
Other institutions and organizations	5,798	-	8,731	-
Real persons	8,169	-	5,517	-
From foreign transactions	**411,619**	**15,717,177**	**782,537**	**10,112,950**
Financial institutions and organizations	407,467	15,717,177	775,550	10,112,950
Other institutions and organizations	4,152	-	6,987	-
Real persons	-	-	-	-
Total	**2,304,154**	**15,717,177**	**4,472,092**	**10,112,950**

5. Information on marketable securities issued (Net):

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bonds	6,023,724	2,154,632	2,153,913	829,044
Asset backed securities(*)	-	-	-	-
Bills	-	21,624,460	618,624	11,122,377
Total	**6,023,724**	**23,779,092**	**2,772,537**	**11,951,421**

The Parent Bank has government bond issue program (Global Medium Term Note Programme) amounting to USD5 Billion.

6. Information on the subaccounts of other liabilities account that exceeds 20% of the individual other liabilities account exceeding 10% of the total liabilities excluding the off-balance sheet items:

Other liabilities does not exceed 10% of total liabilities excluding the off-balance sheet items.

7. Criteria used in the determination of lease installments in the financial lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

Interest rate and cash flows of the Group are the main criteria which are taken into consideration for the determination of payment plans in the leasing contracts.

7.1. Explanations of changes in agreements and further commitments arising:

No changes have been made to the leasing agreements in the current period (31 December 2020 - None).

7.2. Financial lease payables

The leasing balances between the Parent Bank and the subsidiaries have been eliminated as part of the consolidation principles.

7.3. Liabilities arising from operational lease

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	32,586	12,066	83,032	74,656
Between 1-4 years	592,466	475,089	388,365	357,258
More than 4 years	202	107	268	161
Total	**625,254**	**487,262**	**471,665**	**432,075**

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

7.4. Explanations and notes on operating lease:

The Parent bank makes operating lease agreements for some branches and ATM machines. The lease agreements are amortized during the lease period by measuring the lease obligation based on the present value of the lease payments (lease obligation) that has not been paid at that time (the lease obligation) as well as the relevant usage right as of the same date. Lease payments are discounted using this rate if the implicit interest rate in the lease can be easily determined. If the tenant cannot easily determine this rate, he uses the alternative borrowing interest rate. The tenant separately records the interest expense on the rental obligation and the depreciation expense of the right to use asset.

7.5. Information on "Sale -and- lease back" agreements:

The Parent Bank does non sale-and-lease back transactions in the current period (31 December 2020 - None).

8. Information on the hedging derivative financial liabilities

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge(*)	-	1,152,688	10,389	753,935
Cash Flow Hedge(**)	177,316	668,917	19,101	887,562
Net Investment Hedge	-	-	-	-
Total	**177,316**	**1,821,605**	**29,490**	**1,641,497**

(*) Derivative financial instruments for fair value hedge purposes consist of swaps. As of 31 December 2021, TL1,152,688 (31 December 2020 - TL753,935) represents the fair value of derivative financial instruments aimed at hedging the fair value risk of securities. Loans do not have value of fair value of the derivative financial instruments used in the fair value hedging transaction (31 December 2020 - TL10,389).

(**) Represents the fair value of derivative financial instruments of deposit for cash flow hedges of loans and borrowings that have floating rates.

9. Information on provisions:

9.1 Information on provision related with foreign currency difference of foreign indexed loans

	Current Period	Prior Period
Foreign Exchange Provision for Foreign Currency Indexed Loans(*)	-	-

(*) The foreign exchange provision for foreign currency indexed loans netted against "Loans and Receivables" in asset.

9.2. Specific provisions for non-cash loans that are not indemnified and converted into cash or expected loss provisions for non-cash loans

	Current Period	Prior Period
Provisions for Loans and Receivables in Stage I	185,947	119,744
Provisions for Loans and Receivables in Stage II	13,332	13,505
Provisions for Loans and Receivables in Stage III	54,581	48,284
Total	**253,860**	**181,533**

9.3. Information on reserve for employee rights

The Group calculated the provision for employee benefits using the actuarial valuation method specified in the Turkish Accounting Standards No. 19 and reflected it in its financial statements.

As of 31 December 2021, the Group presented the provision for severance pay of TL489,567 (31 December 2020 - TL295,457) under the "Reserves for Employee Benefits " item in its financial statements.

As of 31 December 2021, the Group has shown a total vacation liability of TL68,115 (31 December 2020 - TL51,498) under the "Reserves for Employee Benefits" in its financial statements.

As of 31 December 2021, TL474,536 (31 December 2020 - TL284,194) provision for salaries, bonuses and premiums to be paid to the personnel has been presented under the "Reserves for Employee Benefits" in its financial statements.

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

9.3.1 Movement of employee termination benefits

	Current Period 01.01-31.12.2021	Prior Period 01.01-31.12.2020
As of 1 January	295,458	240,182
Service cost	35,625	30,113
Interest Cost	37,723	28,986
Settlement / curtailment / termination loss	19,564	22,485
Actuarial differences	140,736	42,130
Paid during the period	(39,539)	(68,439)
Total	**489,567**	**295,457**

9.4. Information on other provisions

Except for those mentioned in note 9.2 above, there is a provision for lawsuits against the Group and tax lawsuits in the amount of TL362,323 (31 December 2020 - TL321,450) in other provisions. The Parent Bank has benefited from the relevant articles of the Law No. 7326 regarding various ongoing tax lawsuits.

10. Explanations on tax liabilities

10.1 Information on current tax liability

10.1.1 Information on tax provision

The current tax liability and the prepaid taxes of the consolidated subsidiaries have been offset separately in their financial statements. As of 31 December 2021, The Group's tax liability is amounting to TL363,799 (31 December 2020 - TL1,223,376). As of 31 December 2021, in the attached financial statements, The Group has current tax receivables to TL2,040 (31 December 2020 - TL29,628). The Group have a pre-paid tax amounting to TL196,077 (31 December 2020 - TL145,634).

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	167,723	1,077,742
Banking and Insurance Transaction Tax (BITT)	219,877	100,762
Taxation on Securities Income	75,403	49,371
Taxation on Real Estates Income	3,466	1,726
VAT Payable	54	39
Other	61,502	39,325
Total	**528,025**	**1,268,965**

The Group presents The "Corporate Taxes Payable" balance in the "Current Tax Liability" account and other taxes are presented in the "Other Liabilities" account in the accompanying consolidated financial statements.

10.1.3. Information on premium payables

	Current Period	Prior Period
Social Security Premiums - Employee Share	15,417	13,027
Social Security Premiums - Employer Share	17,807	14,488
Pension Fund Fee and Provisions - Employee Share	31	22
Pension Fund Fee and Provisions - Employer Share	103	70
Unemployment Insurance - Employee Share	1,085	916
Unemployment Insurance - Employer Share	2,170	1,832
Other	81	57
Total	**36,694**	**30,412**

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

11. Information on payables related to assets held for sale

None (31 December 2020 - None).

12. Information on subordinated loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt Instruments subject to common equity	**-**	**6,816,673**	**-**	**3,855,730**
Subordinated Loans	-	6,816,673	-	3,855,730
Subordinated Debt Instruments	-	-	-	-
Debt Instruments subject to Tier 2 common equity	**-**	**5,035,891**	**-**	**2,848,564**
Subordinated Loans	-	5,035,891	-	2,848,564
Subordinated Debt Instruments	-	-	-	-
Total	**-**	**11,852,564**	**-**	**6,704,294**

13. Information on shareholder's equity

13.1. Presentation of paid-in capital

	Current Period	Prior Period
Common Stock	3,350,000	3,350,000
Preferred Stock	-	-

13.2. Amount of paid-in capital, explanations as to whether the registered share capital system is applied, if so the amount of registered share capital ceiling

Capital System	Paid-in Capital	Ceiling
Registered Capital System	3,350,000	12,000,000

13.3. Capital increases and sources in the current period and other information based on increased capital shares:

None (31 December 2020 - None).

13.4. Information on share capital increases from revaluation fund during the current period

None (31 December 2020 - None).

13.5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period

The Group does not have any capital commitments, all of the capital is fully paid-in.

13.6. Information on prior period's indicators on the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties of these indicators

None (31 December 2020 - None).

13.7. Information on the privileges given to stocks representing the capital

None (31 December 2020 - None).

14. Common stock issue premiums, shares and equity instruments:

	Current Period	Prior Period
Number of Stocks (Thousands)	33,500,000	33,500,000
Preferred Capital Stock	-	-
Common Stock Issue Premiums(*)	714	714
Common Stock Withdrawal Profits	-	-

(*) Due to the Parent Bank's capital increase at the prior periods, common stock issue premium accounted amounting to TL714.

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

15. Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and Entities under Common Control	**23,479**	**-**	**2,581**	**-**
Valuation Differences	6,990	-	4,123	-
Foreign Exchange Rate Differences	16,489	-	(1,542)	-
Securities Measured at FV Through Other Comprehensive Income	**348,334**	**(1,955,341)**	**121,632**	**(597,082)**
Valuation Differences	348,334	(1,955,341)	121,632	(597,082)
Foreign Exchange Rate Differences	-	-	-	-
Total	**371,813**	**(1,955,341)**	**124,213**	**(597,082)**

16. Information on accrued interest and expenses

The details of accrued interest and expenses allocated to the related items on the liabilities side of the balance sheet are as follows.

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Liabilities	9,160,015	3,623,875	4,766,374	3,390,090
Deposits	347,690	61,807	226,006	47,573
Funds Borrowed	92,621	198,742	59,383	118,334
Money Market Borrowings	10,311	52,057	4,140	86,673
Issued Securities	19,163	436,439	15,002	402,770
Other Accruals	421,052	291,202	244,372	180,671
Total	**10,050,852**	**4,664,122**	**5,315,277**	**4,226,111**

III. Explanations and Disclosures Related to Consolidated Off-Balance Sheet Items

1. Explanations on off-balance-sheet-commitments

1.1. Type and amount of irrevocable commitments

	Current Period	Prior Period
Credit Cards Limit Commitments	49,733,289	35,495,520
Commitment For Use Guaranteed Credit Allocation	27,844,210	18,075,786
Payment Commitments for Cheques	4,053,584	4,836,291
Forward Asset Purchase Commitments	3,181,145	4,124,298
Other Irrevocable Commitments	2,885,779	2,423,033
Commitments for Promotions Related with Credit Cards and Banking Activities	71,498	83,078
Tax and Fund Liabilities due to Export Commitments	29,314	27,046
Total	**87,798,819**	**65,065,052**

1.2. Type and amount of probable losses and obligations arising from off-balance sheet items

Specific provision is provided for the non-cash loans amounting to TL253,860 (31 December 2020 - TL181,553) followed in the off-balance sheet accounts that are not indemnified and not liquidated yet.

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

1.3. Non-cash loans including guarantees, bank acceptance loans, collaterals that are accepted as financial guarantees and other letter of credits

	Current Period	Prior Period
Bank Loans	8,707,676	6,838,598
Other Letters of Guarantee	8,268,187	3,618,937
Total	**16,975,863**	**10,457,535**

1.4. Guarantees, suretyships and other similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	11,143,617	8,674,056
Final Letters of Guarantee	4,679,152	2,969,287
Advance Letters of Guarantee	989,132	989,173
Letters of Guarantee Given to Customs Offices	686,818	559,009
Other Letters of Guarantee	12,993,525	9,475,881
Total	**30,492,244**	**22,667,406**

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	**5,839,204**	**4,036,779**
Less Than or Equal to One Year with Original Maturity	1,088,390	371,430
More Than One Year with Original Maturity	4,750,814	3,665,349
Other Non-Cash Loans	**41,628,903**	**29,088,162**
Total	**47,468,107**	**33,124,941**

3. Information on risk concentration in sector terms in non-cash loans

	Current Period				Prior Period			
	TL	%	TL	%	TL	%	TL	%
Agricultural	**64,146**	**0.49**	**187,880**	**0.55**	**41,065**	**0.35**	**92,736**	**0.43**
Farming and Raising Livestock	48,540	0.37	3,788	0.01	31,852	0.27	16,889	0.08
Forestry	13,982	0.11	-	-	5,311	0.05	-	-
Fishing	1,624	0.01	184,092	0.54	3,902	0.03	75,847	0.35
Manufacturing	**2,694,667**	**20.52**	**16,869,155**	**49.13**	**2,224,235**	**19.17**	**10,205,325**	**47.42**
Mining and Quarrying	60,835	0.46	54,775	0.16	76,972	0.66	49,413	0.23
Production	2,419,032	18.42	16,439,294	47.88	1,948,468	16.80	9,938,395	46.18
Electricity, gas and water	214,800	1.64	375,086	1.09	198,795	1.71	217,517	1.01
Construction	**3,711,216**	**28.25**	**5,393,318**	**15.71**	**3,590,417**	**30.94**	**3,005,802**	**13.97**
Services	**6,341,918**	**48.28**	**11,592,111**	**33.78**	**5,532,156**	**47.67**	**7,944,905**	**36.92**
Wholesale and Retail Trade	4,009,451	30.52	3,844,435	11.20	3,601,179	31.03	2,388,624	11.10
Hotel, Food and Beverage Services	149,130	1.14	1,224,499	3.57	129,205	1.11	969,584	4.50
Transportation&Communication	560,897	4.27	332,004	0.97	508,543	4.38	860,884	4.00
Financial Institutions	988,705	7.53	5,811,220	16.93	822,433	7.09	3,453,939	16.05
Real Estate and Renting Services	27,266	0.21	16,753	0.05	12,160	0.10	1,351	0.01
Self Employment Services	296,136	2.25	262,665	0.77	216,990	1.87	126,209	0.59
Educational Services	17,433	0.13	-	-	8,959	0.08	18,080	0.08
Health and Social Services	292,900	2.23	100,535	0.29	232,687	2.01	126,234	0.59
Other	**324,143**	**2.46**	**289,553**	**0.83**	**216,716**	**1.87**	**271,584**	**1.26**
Total	**13,136,090**	**100.00**	**34,332,017**	**100.00**	**11,604,589**	**100.00**	**21,520,352**	**100.00**

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

4. Information on non-cash loans classified under group I and II

	I. Group		II. Group	
Current Period(*)	**TP**	**YP**	**TP**	**YP**
Letters of Guarantee	12,787,373	17,387,175	158,679	104,436
Bill of Exchange and Acceptances	71,783	8,627,682	-	8,211
Letters of Credit	63,674	8,197,343	-	7,170
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-cash Loans	**12,922,830**	**34,212,200**	**158,679**	**119,817**

(*) Special provision and ECL provision of non-cash loans amounting to TL54,581 excluded from provisions that are indemnified and liquidated under off-balance accounts.

	I. Group		II. Group	
Prior Period(*)	**TL**	**FC**	**TL**	**FC**
Letters of Guarantee	11,117,195	11,274,727	139,498	87,702
Bill of Exchange and Acceptances	198,490	6,631,976	-	8,132
Letters of Credit	101,122	3,516,955	-	860
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-cash Loans	**11,416,807**	**21,423,658**	**139,498**	**96,694**

(*) Special provision and ECL provision of non-cash loans amounting to TL48,284 excluded from provisions that are indemnified and liquidated under off-balance accounts.

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

5. Information on derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	**232,956,491**	**161,736,590**
Forward transactions(*)	27,395,688	15,799,910
Swap transactions	200,917,401	140,803,008
Futures transactions	764,011	2,164,747
Option transactions	3,879,391	2,968,925
Interest Related Derivative Transactions (II)	**134,510,238**	**79,814,270**
Forward rate transactions	-	-
Interest rate swap transactions	134,510,238	79,814,270
Interest option transactions	-	-
Futures interest transactions	-	-
Security option transactions	-	-
Other trading derivative transactions (III)	**1,427,525**	**954,265**
A. Total Trading Derivative Transactions (I+II+III)	**368,894,254**	**242,505,125**
Types of hedging transactions		
Fair value hedges	46,896,779	28,179,228
Cash flow hedges	66,987,631	45,360,970
Net investment hedges	-	-
B. Total Hedging Related Derivatives	**113,884,410**	**73,540,198**
Total Derivative Transactions (A+B)	**482,778,664**	**316,045,323**

(*) This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

Breakdown of the Parent Bank's foreign currency forward and swap and interest rate swap transactions based on currencies are disclosed below in their TL equivalents:

	Forward Buy(**)	Forward Sell(**)	Swap Buy(*)	Swap Sell(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Current Period									
TL	6,892,543	1,540,982	18,472,655	60,562,264	821,817	405,775	361,015	15,423	-
USD	2,509,104	9,930,727	161,573,393	93,188,138	572,131	1,192,399	18,895	368,678	1,427,525
Euro	3,728,663	2,371,517	26,773,771	65,549,375	511,472	279,616	-	-	-
Other	122,863	299,289	23,077,722	114,731	48,196	47,985	-	-	-
Total	**13,253,173**	**14,142,515**	**229,897,541**	**219,414,508**	**1,953,616**	**1,925,775**	**379,910**	**384,101**	**1,427,525**

(*) This column also includes hedging purpose derivatives.

(**) This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

	Forward Buy(**)	Forward Sell(**)	Swap Buy(*)	Swap Sell(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Prior Period									
TL	2,339,011	1,129,462	10,317,120	45,195,762	491,416	529,849	172	1,109,224	-
USD	2,187,136	4,547,796	102,180,567	62,319,044	668,171	683,083	1,055,204	147	954,265
Euro	2,204,382	928,009	16,137,908	40,909,354	364,602	158,473	-	-	-
Other	1,210,609	1,253,505	16,825,374	272,347	14,766	58,565	-	-	-
Total	**7,941,138**	**7,858,772**	**145,460,969**	**148,696,507**	**1,538,955**	**1,429,970**	**1,055,376**	**1,109,371**	**954,265**

(*) This column also includes hedging purpose derivatives

(**) This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

5.1. Fair value hedge accounting

a) Loans

The Parent Bank enters into swap transactions in order to hedge itself from the changes in the fair value due to the changes in market interest rates of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. As of balance sheet date; the mortgage loans amounting to TL7,277,481 (31 December 2020 - TL4,324,987) were subject to hedge accounting by swaps with a nominal of TL5,829,388 (31 December 2020 - TL4,770,807). On 31 December 2021, the net market valuation difference gain amounting to TL61,621 due to the gain from the loans amounting to TL750,813 (31 December 2020 - TL308,501 loss) and loss from swaps amounting to TL689,193 (31 December 2020 - TL318,019 gain) is accounted for under "gain / (loss) from financial derivatives transactions" line in the accompanying financial statements.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest rate swaps in order to protect itself from interest rate changes in relation to its fixed rate foreign currency lease transactions. As of the balance sheet date, swaps amounting to TL88,866 have been subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, the net market valuation difference expense amounting to TL337 before tax was recognized in the financial statements as "Profit / Loss from Derivative Financial Transactions".

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TL62,140 (31 December 2020 - TL77,019 loss) related to the loans that are ineffective for hedge accounting under "gain / (loss) from financial derivatives transactions" as loss during the current period.

b) Financial assets at fair value through other comprehensive income

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term foreign currency Eurobonds with fixed coupon held by the Parent Bank using swaps as hedging instruments. As at the balance sheet date; Eurobonds with a nominal of USD299,952 million and EUR44 million (31 December 2020 - USD320,759 million and EUR 49,8 million) were subject to hedge accounting by interest rate swaps with the same nominal value. On 31 December 2021, the net market valuation difference loss amounting to TL557 due to gain from Eurobonds amounting to TL131,060 (31 December 2020 - TL294,155 gain) and loss from swaps amounting to TL130,504 (31 December 2020 - TL294,438 loss) is accounted for under "gain / (loss) from financial derivatives transactions" line in the accompanying financial statements.

The Parent Bank does not apply fair value hedge on TL government bonds in the current period (31 December 2020 - None).

c) Marketable securities issued

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued using interest rate swaps as hedging instruments. As of the balance sheet date, bonds with nominal amount of USD730 million (31 December 2020 - USD730 Million) have been subject to hedge accounting with the same nominal amount of swaps. As of 31 December 2021, TL1,035 net fair valuation difference gain, due to net of TL76,228 (31 December 2020 - TL183,021 loss) loss from issued bonds and TL75,193 (31 December 2020 - TL180,605 gain) gain from swaps, has been recorded under "Gain / (loss) from financial derivatives transactions" on accompanying financial statements.

d) Borrowings

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest and currency swaps in order to protect itself from changes in interest rates in relation to fixed interest rate TL loans. As of the balance sheet date, swaps amounting to TL351,850 were subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, the net market valuation difference income amounting to TL1 before tax was recognized in the financial statements as "Profit / Loss from Derivative Financial Transactions".

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest and currency swaps in order to protect itself from changes in interest rates in relation to fixed interest rate TL loans. As of the balance sheet date, swaps amounting to TL247,242 were subject to hedge accounting as hedging instruments. As of 30 December 2021, TL1,855 income from the aforementioned loans and TL1,786 loss from the swaps, TL69 net market valuation difference loss was accounted in the "Profit / Loss from Derivative Financial Transactions" account in the attached financial statements.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through swaps in order to protect itself from changes in interest rates with respect to TL and foreign currency loans and securities. At each balance sheet date, the Bank conducts efficiency tests for hedging accounting, and the active parts are accounted in "hedging funds" under equity in the financial statements as defined in TAS 39, while the amount related to the inactive part is associated with the income statement. As at the balance sheet date, there is not any swap transactions subject to hedge accounting as hedging instruments. (31 December 2020 - None).

As of 31 December 2021, it is determined that the above mentioned cash flow hedging transactions are effective in the measurement.

5.2. Cash flow hedge accounting

a) Floating Rate Loans

The Parent Bank is subject to cash flow hedge accounting through interest swaps in order to protect a certain part of its long term floating interest rate loans from changes in market interest rates. The Bank conducts effectiveness tests for hedge accounting on every balance sheet date, the active segments are accounted in the "Hedge Funds" account item in the financial statements as defined in TAS 39, and the amount related to the inactive part is associated with the income statement. As of balance sheet date, swaps of nominal amount of USD675 Million (31 December 2020 - USD875 Million) have been subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, fair value income amounting to TL91,416 (31 December 2020 - TL222,484) before tax was recognized under equity.

The Parent Bank is subject to cash flow hedge accounting through interest rate swaps in order to protect some of its long-term floating rate loans from changes in market interest rates. The Bank applies effectiveness tests for hedge accounting at each balance sheet date, the effective parts are accounted for in the "Hedging Funds" account item under equity in the financial statements as defined in TAS 39, and the amount related to the ineffective part is associated with the income statement. As of the balance sheet date, swaps with a nominal amount of TL1,850 million (31 December 2020 - None). have been subject to hedging accounting as hedging instruments. As a result of the mentioned hedging accounting, fair value loss before tax of TL165,120 (31 December 2020 - None) was accounted under equity in the current period.

b) Deposit

The Parent Bank applies cash flow hedge accounting using interest rate swaps in order to hedge itself from the interest rate changes of deposits that have an average maturity of 3 months, the Bank implements cash flow hedge accounting with interest rate swaps. The Parent Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity "Hedging Funds", whereas the ineffective portions are accounted for at income statement as defined in TAS 39. As at the balance sheet date, swaps amounting to TL150,000 are subject to hedge accounting as hedging instruments (31 December 2020 - TL150,000). As a result of the mentioned hedge accounting, fair value loss before taxes amounting to TL16,723 are accounted for under equity during the current period (31 December 2020 - TL61,956 gain). The ineffective portion is none (31 December 2020 - None).

As of the balance sheet date, swaps with a nominal amount of USD1,328 Million (31 December 2020 - USD1,708 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR74 Million (31 December 2020 - EUR74 Million) have been subject to hedge accounting with Euro deposits. As a result of above mentioned hedge accounting, fair value loss before taxes amounting to TL526,927 are accounted under equity during the current period (31 December 2020 - TL187,599 loss). The loss amounting to TL3,875 (31 December 2020 - TL1,247 loss) relating to the ineffective portion is accounted under at the income statement.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. Effective parts classified under equity due to hedge accounting are amortized through income statement until the maturity of swaps in case of ineffectiveness at periods when the expected cash flows subject to hedge accounting affect profit or loss (as in periods when interest income or expense is recognized). In the current period there is gain of TL28,640 transferred amount from equity to income statement due to ineffectiveness or matured swaps (31 December 2020 - TL56,022 loss).

As of 31 December 2021, it has been determined that the above-mentioned cash flow hedging transactions are effective.

c) Floating Rate Liabilities

The Parent Bank applies cash flow hedge accounting through interest rate swaps in order to protect its subordinated loans with variable interest payments from changes in interest rates. The Bank conducts effectiveness tests for hedge accounting on every balance sheet date, the active segments are accounted in the "Hedge Funds" account item in the financial statements as defined in TAS 39, and the amount related to the inactive part is associated with the income statement. As of the balance sheet date, the nominal amount of USD454 Million (31 December 2020 - USD485 Million) was subject to hedge accounting as hedging instrument. As a result of the mentioned hedge accounting, the fair value expense amounting to TL48,015 (31 December 2020 - TL112,418) before tax was recognized under equity.

On the other hand; accounting application is terminated when cash flow hedge accounting is not effectively maintained as defined in TAS 39. According to that the effective amounts classified under equity due to hedge accounting are reclassified into profit or loss as the reclassification adjustments during periods or periods when the estimated cash flows subject to hedging in case of deterioration of the event affect profit or loss (such as the periods when interest income or expense is accounted for). Due to hedge accounting practices terminated in the current year, a gain amounting to TL39,561 (31 December 2020 - TL14,038) was transferred from the "Gain/losses from derivative transactions" to the income statement.

In the measurements made as of 31 December 2021, it has been determined that the above-mentioned cash flow hedging transactions are effective.

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

6. Credit derivatives and risk exposures on credit derivatives

As of 31 December 2021, the Bank has no commitments "Credit Linked Notes" (As of 31 December 2020 - None).

As of 31 December 2021, "Other Derivative Financial Instruments" with nominal amount of USD110,000,000 (31 December 2020 - USD130,000,000) are included in Bank's "Credit Default Swap". In aforementioned transaction, The Bank is the seller of the protection for USD110,000,000.

7. Information on contingent liabilities and assets

The Parent Bank has recorded a provision of TL222,837 (31 December 2020 - TL157,199) for the lawsuits filed against the Bank with a high probability of occurrence, in accordance with Principle of Prudence. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

8. Information on the services in the name and account 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.

9. Information on the Parent Bank's rating by international rating institutions

MOODY'S - December 2020		FITCH - February 2021	
Long-Term Deposit Rating (FC)	B2	Long -Term FC IDR	B+ (Negative)
Long-Term Deposit Rating (TL)	B1	Short-Term FC IDR	B
Short-Term Deposit Rating (FC)	NP	Long-Term TL IDR	BB- (Negative)
Short-Term Deposit Rating (TL)	NP	Short-Term TL IDR	B
Baseline Credit Assessment	b3	Long-Term National Rating	AA(tur) (Stable)
Adjusted Baseline Assessment	b1	Support	4
Outlook	Negative	Viability Rating	b+
Long-Term Senior Unsecured Debt (FC)	B2		

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

IV. Explanations and Disclosures Related to Consolidated Income Statement

1. a) Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term Loans	8,122,776	625,051	4,629,975	370,731
Medium and Long-Term Loans	8,424,462	2,482,183	6,687,545	1,952,453
Non-Performing Loans	454,420	-	71,879	-
Resource Utilization Support Fund Premiums	-	-	-	-
Total(*)	**17,001,658**	**3,107,234**	**11,389,399**	**2,323,184**

(*) Includes fees and commissions income from cash loans.

b) Information on interest income from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
T.R. Central Bank(*)	-	-	-	-
Domestic Banks	34,190	927	76,089	689
Foreign Banks	2,964	15,252	1,854	21,145
Foreign Headquarters and Branches	-	-	-	-
Total	**37,154**	**16,179**	**77,943**	**21,834**

(*) The interest income on Required Reserve amounting TL447,034 excluded from interest income on Banks. (31 December 2020 - TL47,326).

c) Information on interest income on marketable securities:

	Current Period	
	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss	23,431	3,102
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,360,494	538,984
Financial Assets Measured at Amortized Cost	2,194,177	632,341
Total	**3,578,102**	**1,174,427**

	Prior Period	
	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss	27,542	1,374
Financial Assets Measured at Fair Value through Other Comprehensive Income	712,400	406,143
Financial Assets Measured at Amortized Cost	1,217,111	453,382
Total	**1,957,053**	**860,899**

As stated in Section Three disclosure VII, the Bank has inflation indexed (CPI) government bonds in its financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost portfolios. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the actual payments is determined based on the inflation rates of two months before

d) Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest income received from associates and subsidiaries	-	-

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

2. a) Information on interest expense on borrowings(*):

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	**458,075**	**1,508,113**	**241,663**	**1,174,535**
T.R. Central Bank	-	-	-	-
Domestic Banks	406,149	93,509	176,531	58,089
Foreign Banks	51,926	1,414,604	65,132	1,116,446
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	**458,075**	**1,508,113**	**241,663**	**1,174,535**

(*) Includes fees and commissions expenses related to the cash loans.

b) Information on interest expense paid to associates and subsidiaries:

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	4,374	1,203

c) Information on interest expense paid to securities issued:

As of 31 December 2021, the amount paid to securities issued is TL1,790,883 (31 December 2020 - TL1,091,416).

d) Information on maturity structure of interest expenses on deposits:

Current Period		Time Deposits						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
Turkish Lira								
Bank Deposits	-	110,875	35	-	-	-	-	110,910
Saving Deposits	43	1,652,477	4,024,068	315,809	120,525	171,976	-	6,284,898
Public Sector Deposits	-	1,936	129	165	22	-	-	2,252
Commercial Deposits	10	820,542	1,112,130	53,834	31,986	1,984	-	2,020,486
Other Deposits	-	7,569	89,965	10,341	22,903	30	-	130,808
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	**53**	**2,593,399**	**5,226,327**	**380,149**	**175,436**	**173,990**	**-**	**8,549,354**
Foreign Currency	-	-	-	-	-	-	-	-
Deposits	6	15,158	190,579	50,512	12,055	42,226	-	310,536
Bank Deposits	121	22,717	5,845	634	-	-	-	29,317
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	5,837	-	-	-	-	-	5,837
Total	**127**	**43,712**	**196,424**	**51,146**	**12,055**	**42,226**	**-**	**345,690**
Grand Total	**180**	**2,637,111**	**5,422,751**	**431,295**	**187,491**	**216,216**	**-**	**8,895,044**

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

Prior Period		Time Deposits						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
Turkish Lira								
Bank Deposits	-	12,360	19,468	-	-	-	-	31,828
Saving Deposits	455	724,681	1,729,366	59,948	29,993	119,404	-	2,663,847
Public Sector Deposits	-	348	471	83	-	-	-	902
Commercial Deposits	241	381,894	496,222	24,591	5,061	4,668	-	912,677
Other Deposits	-	3,752	41,816	1,631	6,657	175	-	54,031
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	**696**	**1,123,035**	**2,287,343**	**86,253**	**41,711**	**124,247**	**-**	**3,663,285**
Foreign Currency								
Deposits	185	27,125	308,722	55,740	19,774	34,916	-	446,462
Bank Deposits	33	76,490	17,618	407	-	-	-	94,548
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	3,610	-	-	-	-	-	3,610
Total	**218**	**107,225**	**326,340**	**56,147**	**19,774**	**34,916**	**-**	**544,620**
Grand Total	**914**	**1,230,260**	**2,613,683**	**142,400**	**61,485**	**159,163**	**-**	**4,207,905**

e) Information on interest expenses on repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Repurchase Agreements(*)	1,141,299	149,522	295,142	195,322

(*) Disclosed in "Interest on Money Market Transactions".

f) Information on financial lease expenses

	Current Period	Prior Period
Lease expenses	61,052	53,928

g) Information on interest expenses on factoring payables

None (31 December 2020 - None).

3. Information on dividend income:

	Current Period	Prior Period
Derivative Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Profit or Loss	624	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Other	681	5,257
Total	**1,305**	**5,257**

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

4. Information on trading income/loss:

	Current Period	Prior Period
Trading Gain	**22,021,051**	**15,144,221**
Gain on Capital Market Transactions	350,003	414,612
From Derivative Transactions	7,524,146	6,102,131
Foreign Exchange Gains	14,146,902	8,627,478
Trading Loss (-)	**25,229,997**	**17,702,961**
Losses on Capital Market Operations	169,134	81,518
From Derivative Transactions	14,025,051	9,312,717
Foreign Exchange Losses	11,035,812	8,308,726
Net Trading Income/Loss	**(3,208,946)**	**(2,558,740)**

5. Information on other operating income:

The Group recorded the current year collections from loans written off in the previous periods, portfolio management fees and expense accruals cancelations in “Other Operating Income” account.

6. Provision for losses

	Current Period	Prior Period
Expected Credit Losses Provisions	**3,310,641**	**2,529,857**
12 Month Expected Credit Loss (Stage I)	1,113,375	129,180
Significant Increase in Credit Risk (Stage 2)	635,663	1,306,583
Lifetime ECL Impaired Credits (Stage 3)	1,561,603	1,094,094
Marketable Securities Impairment Provision	**731**	**124**
Financial Assets Measured at Fair Value Through Profit/Loss	-	-
Financial Assets Measured at Other Comprehensive Income	731	124
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	**-**	**-**
Investment in Associates	-	-
Subsidiaires	-	-
Joint Ventures	-	-
Other	**175,967**	**142,299**
Total	**3,487,339**	**2,672,280**

7. Information on other operating expenses

	Current Period	Prior Period
Reserve for employee termination benefits(*)	53,373	13,145
Impairment expenses on tangible fixed asset	483,057	418,776
Goodwill impairment expenses	178,175	151,690
Other Operating Expenses	1,593,849	1,255,313
Leasing Expenses Related to TFRS 16 Exceptions	*2,934*	*3,072*
Maintenance expenses	*477,703*	*266,067*
Advertiesment expenses	*98,310*	*101,489*
Other expenses	*1,014,902*	*884,685*
Loss on sales of assets	838	959
Other(**)	681,493	594,571
Total	**2,990,785**	**2,434,454**

(*) Personnel Expenses”, which is not included in “Other Operating Expenses” in the income statement as a separate item, is also included this table.

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

8. Information on profit/loss before taxes from continued and discontinued operations:

	Current Period(*)(**)	Prior Period(*)(**)
Independent audit fee for the reporting period	3,302	2,259
Fees for tax advisory services	-	277
Fee for other assurance services	603	885
Fees for services other than independent auditing	-	-
Total	**3,905**	**3,421**

(*) Consolidated amounts are reported.

(**) VAT excluded.

9. Information on provision for taxes from continued and discontinued operations:

As of 31 December 2021, net interest income amounting to TL12,834,346 (31 December 2020 - TL10,275,450), net fee and commission income amounting to TL3,681,746 (31 December 2020 - TL2,601,042) and other operating revenues amounting to TL483,880 (31 December 2020 - TL82,214) have important place among income items related to continuing operations.

10. Explanations on current period net profit and loss of continued and discontinued operations:

10.1. Explanations on net income/loss for the period

As of 31 December 2021, the Group recorded current tax expense of TL278,506 (31 December 2020 - TL1,175,488 current tax expense) and a deferred tax expense of TL948,782 (31 December 2020 - TL549,419 deferred tax expense) reflected.

10.2. Explanations on operating profit/loss after tax

None (31 December 2020 - None).

11. Explanations on net income/loss for the period:

The profit generated by the Group from continuing operations is TL3,907,861 (31 December 2020 - TL2,754,627), and the discontinued operation loss is none (31 December 2020 - None).

12. Explanations on net profit and loss for the period

12.1. The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Group's performance for the period

None (31 December 2020 - None).

12.2. Any changes in the Group's estimations that might have a material effect on current period results

None (31 December 2020 - None).

12.3. Profit or loss attributable to minority shares

	Current Period	Prior Period
Profit / Loss Attributable to Minority	1,214	844

12.4. There is no change in the accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods

13. Information on the subaccounts of other items in the income statement account that exceeds 20% of the individual other item exceeding 10% of the income

Fees and commissions from credit cards, transfers and insurance intermediaries are recorded in the "Others" line under "Fees and Commissions Received" account, while fees and commissions given to credit cards are recorded in the "Others" line under "Fees and Commissions Paid" account by the Parent Bank.

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

V. Explanations and Disclosures Related to Statement of changes in Consolidated Shareholders' Equity

1. Changes arising from the revaluation of financial assets at fair value through other comprehensive income

Net decrease of TL1,108,826 (31 December 2020 - TL307,727 net decrease) after tax effect resulting from fair value through profit or loss in "Securities Value Increase Fund" account under shareholders equity.

2. Explanations on foreign exchange differences

None.

3. Explanations on dividends

3.1. Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements

There is no dividend notified before the promulgation of financial statements. It was decided to distribute the year 2020 profit as stated below at the Ordinary General Assembly held on 25 March 2021.

2020 profit distribution table:

Current Year Profit	2,588,276
A - I. Legal Reserve (Turkish Commercial Code 466/1) at 5%	-
B - The First Dividend for Shareholders(*)	-
C - Profit from Disposal of Associates	-
D - II. Legal Reserves	-
E - Gains on Real estate Sales Fund	-
F - Extraordinary Reserves	(2,588,276)

3.2. Dividends per share proposed subsequent to the balance sheet date

No decision is taken concerning the profit distribution by the General Assembly as of the balance sheet date (31 December 2020 - None).

3.3. Transfers to legal reserves

	Current Period	Prior Period
Amount Transferred to Reserved from Retained	-	-

4.1. The rights, priorities and restrictions regarding the share capital including distribution of income and repayment of the capital

None (31 December 2020 - None).

5. Information on the other capital increase items in the statement of changes in shareholders' equity

There was no capital increase in 2021 (31 December 2020 - None).

VI. Explanations and Disclosures Related to Consolidated Cash Flows Statement

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents

"Other items" amounting to TL2,113,659 (31 December 2020- TL406,987) in "Operating profit before changes in operating assets and liabilities" consist of decrease in commissions paid amounting to TL1,085,960 (31 December 2020 - TL571,921), net trading income/loss decrease in amounting to TL880,492 (31 December 2020 - TL2,885,617 net trading income/loss) and other operating expenses amounting to TL1,908,191 (31 December 2020 - TL2,689,130).

"Other" item in the "Change in other assets of the field of banking" amounting to TL3,560,662 (31 December 2020 - TL3,508,168), guarantees given to TL1,257,284 (31 December 2020 - TL2,057,862), rental receivables from transactions amounting to TL3,516,950 31 December 2020 - TL2,384,641), factoring receivables amounting to TL1,600,071 (31 December 2020 - TL658,864) and other assets of TL7,220,399 (31 December 2020 - TL1,593,199).

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

The “Other” item amounting to TL12,765,909 (31 December 2020 - TL7,409.40) included in the “change in other debts subject to banking activity”, TL3,224,389 (31 December 2020 - TL5,810,713) to money markets and TL9,541,520 (31 December 2020 - TL1,581,162) includes other liabilities.

“Other” item amounting to TL306,044 (31 December 2020 - TL219,055) included in “Net cash flow from investment activities” includes TL178,715 intangible assets (31 December 2020 - TL151,960).

The effect of change in foreign exchange rate on cash and cash equivalents is the sum of the foreign exchange differences arising from the conversion of the average balances of cash and cash equivalents in foreign currency to TL at the beginning of the period and at the end of the period. As of 31 December 2021, TL4,346,096 (31 December 2020 - TL615,145).

2. Information regarding the balances of cash and cash equivalents at the beginning of the period

	31 December 2020
Cash	**2,226,114**
Cash in TL	616,300
Cash in Foreign Currencies	1,486,250
Other	123,564
Cash Equivalents	**13,656,987**
Balances with the T.R. Central Bank	11,695,907
Banks and Other Financial Institutions	1,232,498
Money Market Placements	752,393
Less: Accruals	(23,811)
Cash and Cash Equivalents	**15,883,101**

3. Information regarding the balances of cash and cash equivalents at the end of the period

	31 December 2021
Cash	**7,307,144**
Cash in TL	678,315
Cash in Foreign Currencies	6,245,263
Other	383,566
Cash Equivalents	**40,491,690**
Balances with the T.R. Central Bank	25,120,140
Banks and Other Financial Institutions	15,355,593
Money Market Placements	159,508
Less: Accruals	(143,551)
Cash and Cash Equivalents	**47,798,834**

4. Restricted cash and cash equivalents due to legal requirements or other reasons

A portion of foreign bank accounts amounting to TL464,536 (31 December 2020 - TL283,528) includes blocked cash for foreign money and capital market transactions and for borrowings from foreign markets.

5. Additional information

5.1. Restrictions on the potential borrowings that can be used for banking operations or capital commitment

None (31 December 2020 - None).

5.2. The sum of cash flows that show the increases in banking activity capacity, apart from the cash flows needed to maintain current banking activity capacity

None (31 December 2020 - None).

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

VII. Explanations And Disclosures Related To The Parent Bank's Risk Group

1. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1.1. As of 31 December 2021, the Parent Bank's risk group has deposits amounting to TL586,647 (31 December 2020 - TL312,688), cash loans amounting to TL1,773 (31 December 2020 - TL3,131) and non-cash loans amounting to TL60,889 (31 December 2020 - TL51,145).

Current Period

	Associates and Subsidiaries (Partnerships)		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
Parent Bank's Risk Group(*)	Cash	Non- Cash	Cash	Non- Cash	Cash	Non- Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	55	2,500	45,878	631	5,212
Balance at the End of the Period	-	730	-	55,271	1,773	4,888
Interest and Commission Income	-	-	-	267	872	-

Prior Period

	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
Parent Bank's Risk Group(*)	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	3,192	37,126	21	5,524
Balance at the End of the Period	-	55	2,500	45,878	631	5,212
Interest and Commission Income(**)	-	-	-	9	32	1

(*) As described in the Article 49 of Banking Law No 5411.

(**) Represents the balances of 31 December 2020.

1.2. Information on deposits of the Parent Bank's risk group

	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
Parent Bank's Risk Group(*)	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	19,218	17,880	-	-	293,470	208,189
Balance at the End of the Period	60,887	19,218	-	-	525,760	293,470
Interest on deposits(**)	4,374	1,203	-	-	23,218	9,073

(*) As described in the Article 49 of Banking Law No 5411.

(**) Previous period's balances represent 31 December 2020 balances.

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

1.3. Information on forward and option agreements and similar agreements made with the Parent Bank's risk group

	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
Parent Bank's Risk Group(*)	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes						
Beginning of the Period		-	-	-	-	-
End of the Period		-	-	-	-	-
Total Income/Loss(**)		-	(56)	-	(20)	-
Transactions for Hedging Purposes						
Beginning of the Period		-	-	-	-	-
End of the Period		-	-	-	-	-
Total Income/Loss(**)		-	-	-	-	-

(*) As described in the Article 49 of Banking Law No 5411.
(**) Prior Period represents 31 December 2020 balance.

1.4. Information regarding benefits provided to the Top Management

As of 31 December 2021, the total amount of remuneration and bonuses paid to key management of the Group is TL224,768 (31 December 2020 - TL165,446).

2. Disclosures of transactions with the Parent Bank's risk group

2.1. 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.

2.2. In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other matters

As of 31 December 2021, the rate of cash loans of the risk group divided by to total loans is 0%; (31 December 2020 - 0%); the deposits represented 3% (31 December 2020 - 2%), the ratio of total derivative transactions with derivatives risk is 0% (31 December 2020 - 0%).

2.3. Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agent contracts, financial lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts

The Parent Bank enters into finance lease agreements with QNB Finans Finansal Kiralama A.Ş.

The Parent Bank has signed an agreement with Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş. regarding research, development, advisory and improvement services.

Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., in which the Parent Bank participated with 33.33% shareholding, provides cash transfer services to the Parent Bank.

Information in regard to subordinate loans the Parent Bank received from Parent's Bank is explained in Section 5 Note II. 12.

The Parent Bank offers agency services to Cigna Sağlık, Hayat ve Emeklilik A.Ş. that is 49.00% jointly controlled for its insurance services.

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

VIII. Explanations on the Parent Bank's Domestic, Foreign and off-shore Banking Branches and Foreign Representatives of the Group

1. Information relating to the Parent Bank's domestic and foreign branch and representatives

	Number	Employees	Country	Total Assets	Capital
Domestic Branch	444	12,338			
Foreign Representation	-	-	-		
Foreign Branch	1	7	1- Bahrain	28,372,637	-
			-	-	-

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related to The Parent Bank's Operations

1. Disclosure related to subsequent events and transactions that have not been finalized yet, and their impact on the financial statements

The issuance of The Bank after the balance sheet date are as follows:

Issue Date	Currency	Nominal Amount	Maturity
07.01.2022	TL	210,800,000	77
14.01.2022	TL	292.250,000	70
21.01.2022	GBP	21,898,000	276
21.01.2022	GBP	20,398,000	245
28.01.2022	TL	504,500,000	84
28.01.2022	TL	250,150,000	126

The Group's Board of Directors has decided to appoint Mr. Osman Ömür Tan to be effective as of 1 January 2022, following the completion of the necessary legal procedures for the position of General Manager to be vacated due to the resignation of General Manager, Mr. Temel Güzeloğlu, effective 1 January 2022 and it was decided to carry out the necessary procedures within the framework of the relevant legislation.

The Parent Bank's Board of Directors decided to increase the current registered capital ceiling of the Bank from TL12,000,000 valid for the years 2018-2022 to TL20,000,000, to renew the validity period of the said registered capital ceiling to cover the years 2022-2026, and for this purpose, Article 7 of the Articles of Association. It has been decided to submit the issue of amendment to the approval of the first General Assembly to be held in 2022 and to authorize the General Directorate to make the necessary applications before the official institutions in order to obtain the necessary permissions in this regard.

2. Information on the effects of significant changes in foreign exchange rates after balance sheet date on the items denominated in foreign currency and financial statements and the Group's operations abroad that would affect decision making process of users and foreign operations of the Bank

There are no significant fluctuations in the currency exchange rates after the balance sheet date that would affect the analysis and decision making process of the readers of the financial statements.

3. Other matters

None.

SECTION SEVEN

INDEPENDENT AUDIT REPORT

I. Explanations on Aduitor's Review Report

The consolidated financial statements for the period ended 31 December 2021 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The auditor's report dated 2 February 2021 is presented preceding the consolidated financial statements.

II. Explanations and Notes Prepared by Independent Auditors

None (31 December 2020 - None).

Headquarters

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