(CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE I. OF SECTION THREE)

# BURGAN BANK A.Ş.

## PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES TOGETHER WITH INDEPENDENT AUDIT REPORT AS OF 31 DECEMBER 2021

Deloitte.

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**(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

# INDEPENDENT AUDITOR'S REPORT

**To the General Assembly of Burgan Bank A.Ş.**

## A) Report on the Audit of the Financial Statements

### 1) Qualified Opinion

We have audited the financial statements of Burgan Bank A.Ş. (the "Bank") and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statement of income, consolidated statement of income and expense items accounted for under shareholders' equity, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters on the consolidated financial statements described in the basis for the qualified opinion paragraphs, the accompanying 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 Reporting Regulations" including the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No.26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

### 2) Basis for Qualified Opinion

The accompanying consolidated financial statements as at 31 December 2021 include a free provision amounting to TL 138,622 thousand, which had been recognized with the amount of TL 195,000 thousand as an expense in the prior period and TL 56,378 thousand of which has been reversed and recognized as income in the consolidated financial statements in the current period, provided by the Bank management for the potential circumstances which may arise from any changes in the economy or market conditions. If the mentioned free provision were not provided, the other provisions would decrease by TL 138,622 thousand and retained earnings would increase by TL 195,000 thousand as at 31 December 2021, and other operating income, profit before tax and net profit for the year would decrease by TL 56,378 thousand for the year ended 31 December 2021.

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte.

## 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. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matters | How the matter was addressed in the audit |
|---|---|
| ***Impairment of loans in accordance with TFRS 9 Financial Instruments Standard ("TFRS 9")***<br><br>Impairment of loans is a key area of judgment for the management. The Group has the total loans and receivables amounting to TL 30,164,860 thousands, which comprise 72% of the Group's total assets in its consolidated financial statements and the total provision for impairment amounting to TL 2,395,254 as at 31 December 2021.<br><br>As of 1 January 2018, the Group has started to recognize provisions for impairment in accordance with TFRS 9 and also "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750.<br><br>In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies has been applied the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.<br><br>The Group exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models. In addition, impairment of loans and receivables consist of significant judgments and assumptions regarding with Covid 19 effects.<br><br>Not fullfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter. | As part of our audit work, the following procedures were performed:<br><br>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Group with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.<br><br>We have assessed and analysed the relevant contract terms to assess management's accounting policy and classification of the instrument for selected samples.<br><br>We have performed loan review procedures on selected samples of loans and receivables considering effects of Covid 19 with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.<br><br>We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable regarding with Covid 19 effects, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.<br><br>We have tested historical loss data to validate the completeness and accuracy of key parameters. |

| Key Audit Matters | How the matter was addressed in the audit |
|---|---|
| Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.6. | We have tested whether the model is applied to appropriate segments of assets which share credit risk characteristics and whether the historical loss rates were incurred under economic conditions representative of those that may exist during the assets' exposure periods.<br><br>We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.<br><br>Based on our discussions with the Group management, we evaluated whether the key assumptions and other judgements considering Covid 19 effects underlying the estimations of impairments were reasonable.<br><br>We assessed expected credit losses determined based on individual assessment per Group's policy by means of supporting data, and evaluated appropriateness via communications with management considering Covid 19 effects.<br><br>Our specialists are involved in all procedures related to models and assumptions.<br><br>We have reviewed disclosures made within the TFRS 9 framework in the consolidated financial statements of the Group with respect to loans and receivables and related impairment provisions. |
| ***Information Technologies Audit***<br><br>The Group and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Group and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Group means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk based scoping. | Procedures within the context of our information technology audit work:<br><br>• We identified and tested the Group's controls over information systems as part of our audit procedures.<br><br>• Information generation comprise all layers of information systems (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas:<br><br>• Security management<br>• Change management<br>• Operations management |

| Key Audit Matters | How the matter was addressed in the audit |
|---|---|
| | • We selected high-risk areas as, database logging and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner.<br><br>• We tested the accesses and logging controls underlying all applications that have direct or indirect impacts on financial data generation.<br><br>• Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation.<br><br>• We also tested the appropriateness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.<br><br>• Finally, we understood and tested the controls over database, network, application and operating system layers of applications. |

**4) Other Matters**

The consolidated financial statements of the Bank as at and for the year ended 31 December 2020 were audited by another auditor who expressed a qualified opinion on 2 March 2021.

**5) Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the 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 Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Group's set of accounts for the period 1 January - 31 December 2021 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Yaman Polat.

**Additional Paragraph for English Translation**

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified and reflected in the accompanying consolidated financial statements. The accounting principles used in the preparation of the accompanying consolidated financial statements differ materially from IFRS. Accordingly, the accompanying consolidated financial statements are not intended to present the Group's consolidated financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Yaman Polat
Partner

İstanbul, 1 February 2022

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

# THE CONSOLIDATED FINANCIAL REPORT OF BURGAN BANK A.Ş. AS OF 31 DECEMBER 2021



| | |
|---|---|
| Address of the Bank's Head Office | : Maslak Mahallesi, Eski Büyükdere Caddesi, No:13<br>34485 Sarıyer / İstanbul |
| Telephone and Fax Numbers of Bank | : Telephone : 0 212 371 37 37<br>Fax : 0 212 371 42 42 |
| Bank's Website | : www.burgan.com.tr |
| Contact E-mail | : bilgi@burgan.com.tr |



The consolidated financial audit report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency.



Investments in associates, subsidiaries and joint ventures whose financial statements have been consolidated in this reporting package are as follows:

| Subsidiaries | Associates | Joint Ventures |
|---|---|---|
| **1. Burgan Finansal Kiralama A.Ş.** | - | - |
| **2. Burgan Yatırım Menkul Değerler A.Ş.** | - | - |

The accompanying consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira ("TL"), have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been audited.

1 February 2022

| Emin Hakan EMİNSOY<br>Chairman of the Board of Directors | Ali Murat DİNÇ<br>Member of the Board of Directors and General Manager | Zeynep BOZKURT<br>Chief Financial Officer | Bahadır AKSU<br>Head of Accounting, Tax, and Reporting Unit |
|---|---|---|---|

| Mehmet Alev GÖÇMEZ<br>Head of the Audit Committee | Khaled F.A.O. ALZOUMAN<br>Member of the Audit Committee | Fadhil M. GH. A. ABDULLAH<br>Member of the Audit Committee |
|---|---|---|

Contact information of the personnel in charge of the addressing of questions about this financial report:



| | |
|---|---|
| Name-Surname / Title | : Bahadır AKSU / Head of Accounting Tax and Reporting Unit |
| Telephone Number | : 0 212 371 34 88 |
| Fax Number | : 0 212 371 42 48 |

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## SECTION ONE

## GENERAL INFORMATION ABOUT THE GROUP

### I. PARENT BANK'S FOUNDATION DATE, START-UP STATUTE, HISTORY ABOUT THE CHANGES IN THIS MENTIONED STATUTE:

Tekfen Yatırım ve Finansman Bankası A.Ş. was established as an "investment bank" with the permission of the Council of Ministers No. 88/13253 on 26 August 1988 and authorised to conduct finance investment and foreign trade activities. Banking operations commenced on 7 August 1989.

Bank Ekspres A.Ş. ("Bank Ekspres") was established with the permission of the Council of Ministers in decision No. 91/2316 on 22 September 1991; "The Decree of Establishment Permission" was published in the Official Gazette numbered 21017 and dated 10 October 1991. The Articles of Association was published in the Trade Registry Gazette numbered 2969 and dated 18 February 1992. The Turkish Savings Deposit and Insurance Fund ("SDIF") took over the management of Bank Ekspres A.Ş. due to the poor fiscal structure of the bank on 23 October 1998.

According to the Share Transfer Agreement signed between the SDIF and Tekfen Holding A.Ş. on 30 June 2001, 2.983.800.000 shares with a nominal value of Kr1 each and which amount to 99,46% of the capital of Bank Ekspres A.Ş. under the control of the SDIF in accordance with Banking Law were transferred to Tekfen Holding A.Ş.. Based on this agreement, the acquisition of Tekfen Yatırım ve Finansman Bankası A.Ş., where Tekfen Holding A.Ş. owns 57,69% of the Bank, by Bank Ekspres A.Ş. was permitted by the Banking Regulation and Supervision Agency's ("BRSA") decision numbered 489 dated 18 October 2001. The share transfers were realised on 26 October 2001 and the Bank's name was changed to Tekfenbank Anonim Şirketi, which had two main shareholders: Tekfen Holding A.Ş. with 57,30% and TST International S.A. with 40,62%.

EFG Eurobank Ergasias S.A. ("Eurobank EFG") and Tekfen Holding A.Ş. ("Tekfen Group") signed an agreement as of 8 May 2006, that anticipated Eurobank EFG to purchase Tekfen Group's 70% share in Tekfenbank A.Ş. and Tekfen Finansal Kiralama A.Ş. which is fully owned by Tekfenbank; where Tekfen Group retained its strategic partnership by keeping all remaining shares. On 23 February 2007, the sale of Tekfenbank A.Ş. to Eurobank EFG Holding (Luxembourg) S.A. ("Eurobank EFG Holding") was approved by the BRSA and the sale was completed after the share transfer on 16 March 2007.

Under the agreement regarding the sale of Eurobank Ergasias S.A.'s Turkey operations to Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K), 70% of the bank shares belonging to Eurobank EFG Holding (Luxemburg) S.A. and 29,26% of the shares belonging to Tekfen Holding A.Ş. are bought by Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K) in 7 December 2012 in accordance with the Banking Regulation and Supervision Agency's authorization, and then 99,26% of the bank shares are turned over to Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K) in 21 December 2012.

At the Extraordinary Board of Directors meeting on 23 January 2013, the title of the bank has been decided to change from Eurobank Tekfen A.Ş. to Burgan Bank A.Ş. ("the Bank"), and has been registered to the Turkish Trade Registry as of 25 January 2013.

**GENERAL INFORMATION ABOUT THE GROUP (Continued):**

## II. EXPLANATION ABOUT THE PARENT BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE PARENT BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE PARENT BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE PARENT BANK BELONGS TO:

The Bank's registered capital ceiling is 4 billion full TL.

The Bank's capital amounting to full TL 1.890.000.000 has been registered.

In accordance with the Decision of the Board of Directors of the Bank dated 24 February 2021 and numbered 2021/06, the required permission was obtained from Banking Regulation and Supervision Agency regarding increasing the capital amounting to TL 1.535.000.000 by TL 355.000.000 to TL 1.890.000.000, being within the limit of registered capital ceiling amounting to TL 4.000.000.000, and it was notified that there is no objection for consummation of transactions regarding the capital increase. In this context, the capital amount provided by the shareholders were transferred to the paid-in capital account and it is registered and announced in the Turkish Trade Registry Gazette dated 21 April 2021 and numbered 10314.

There is no change in the Bank's shareholder structure.

Founded in 1977, Burgan Bank K.P.S.C. (formerly Burgan Bank S.A.K), as an affiliate of KIPCO Group (Kuwait Projects Company), one of the largest holding groups of the MENA region (Middle East and North Africa), is among the significant banking groups in the region. Besides Kuwait, Burgan Bank Group also operates as a main shareholder with its affiliate banks in Algeria (Gulf Bank Algeria), Iraq (Bank of Baghdad), and Tunisia (Tunis International Bank).

## GENERAL INFORMATION ABOUT THE GROUP (Continued):

## III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE PARENT BANK THEY POSSESS:

| Title | Name | Responsibility | Education |
|---|---|---|---|
| **Chairman of the Board of Directors:** | Emin Hakan Eminsoy | Chairman of Board of Directors | Undergraduate |
| **Board of Directors Members: (*)** | Abdelkarim A. S. Kabariti | Deputy Chairman | Undergraduate |
| | Mehmet Alev Göçmez | Member | Graduate |
| | Osama T. Al Ghoussein | Member | Undergraduate |
| | Khaled F.A.O. Alzouman | Member | Undergraduate |
| | Hasan Kılıç | Member | Undergraduate |
| | Fadhil M. GH. A. Abdullah | Member | Undergraduate |
| | Mohammad M. A. H. S. Almael | Member | Graduate |
| | Ali Murat Dinç | Member and General Manager | Graduate |
| **General Manager:** | Ali Murat Dinç | Member and General Manager | Graduate |
| **Deputy General Managers:** | Suat Kerem Sözügüzel | Commercial & Corporate Banking | Undergraduate |
| | Zeynep Bozkurt | Financial Affairs | Graduate |
| **Vice General Managers:** | Esra Aydın | Operations & Management Services | Undergraduate |
| | Cihan Vural | Internal Systems | Undergraduate |
| | Rasim Levent Ergin | Human Resources | Graduate |
| | Suat Kerem Sözügüzel | Commercial and Corporate Banking | Undergraduate |
| | Banu Ertürk | Credits Monitoring and Legal Follow-Up | Undergraduate |
| | Darço Akkaranfil | Information Technologies | Graduate |
| | Zeynep Bozkurt | Financial Affairs | Graduate |
| | Ayşen Aslı Koçer | Savings Management | Undergraduate |
| | Yener Yazlalı | Credits | Graduate |
| **Audit Committee: (**)** | Mehmet Alev Göçmez | Committee President | Graduate |
| | Khaled F.A.O. Alzouman | Member | Undergraduate |
| | Fadhil M. GH. A. Abdullah | Member | Undergraduate |

(*) Abdelkarim A.Ş. Kabariti took office as a Member of the Board of Directors and Deputy Chairman on 4 November 2021. Members of the Board of Directors Halil Cantekin and Adrian Alejandro Gostiski resigned from their duties on 25 November 2021. Fadhil M. GH. A. Abdullah and Mohammad M. A. H. S. Almael took office on 3 December 2021.

(**) Mehmet Alev Göçmez was elected as the Chairman of the Audit Committee, and Khaled F.A.O. Alzouman and Fadhil M. GH. A. Abdullah were elected as the Members of the Audit Committee on 6 December 2021.

There is no share of the above individuals in the Parent Bank.

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

## GENERAL INFORMATION ABOUT THE GROUP (Continued):

### IV. EXPLANATION ON SHAREHOLDERS HAVING CONTROL SHARES IN THE PARENT BANK:

| Name/Commercial title | Share Amounts | Share percentage | Paid-in Capital | Unpaid portion |
|---|---|---|---|---|
| Burgan Bank K.P.S.C. | 1.878.884 | 99,41% | 99,41% | - |

Based on the Principal Agreement, the Bank has 1 million founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

### V. INFORMATION ON THE PARENT BANK'S SERVICE TYPE AND FIELD OF OPERATIONS:

As of 31 December 2021, the Parent Bank, whose headquarter located in Istanbul, has 32 branches operating in Turkey (31 December 2020: 32). The Parent Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 December 2021, the Group has 1.026 (31 December 2020: 1.042) employees.

### VI. CURRENT OR LIKELY ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES:

None.

## SECTION TWO

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I. Consolidated balance sheet (Consolidated Statement of financial position)
II. Consolidated off-balance sheet commitments
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

# BURGAN BANK A.Ş.
# CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)
# AS OF 31 DECEMBER 2021 AND 31 DECEMBER 2020

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

| I. | BALANCE SHEET | Note (Section Five) | Audited 31/12/2021 | | | Audited 31/12/2020 | | |
|---|---|---|---|---|---|---|---|---|
| | ASSETS | | TL | FC | Total | TL | FC | Total |
| **I.** | **FINANCIAL ASSETS (Net)** | | **3.983.893** | **6.679.992** | **10.663.885** | **1.289.975** | **3.717.548** | **5.007.523** |
| **1.1** | **Cash and Cash Equivalents** | | **727.412** | **6.263.309** | **6.990.721** | **393.578** | **3.338.091** | **3.731.669** |
| 1.1.1 | Cash and Balances at Central Bank | I-a | 451.718 | 5.940.133 | 6.391.851 | 236.800 | 3.033.781 | 3.270.581 |
| 1.1.2 | Banks | I-c | 233.250 | 323.176 | 556.426 | 25.244 | 304.310 | 329.554 |
| 1.1.3 | Receivables from Money Markets | | 42.500 | - | 42.500 | 131.550 | - | 131.550 |
| 1.1.4 | Expected Credit Losses (-) | | 56 | - | 56 | 16 | - | 16 |
| **1.2** | **Financial Assets at Fair Value Through Profit or Loss** | **I-b** | **16.198** | **118.796** | **134.994** | **606** | **82.251** | **82.857** |
| 1.2.1 | Public Debt Securities | | 599 | 1.789 | 2.388 | 606 | 32.178 | 32.784 |
| 1.2.2 | Equity Instruments | | - | - | - | - | - | - |
| 1.2.3 | Other Financial Assets | | 15.599 | 117.007 | 132.606 | - | 50.073 | 50.073 |
| **1.3** | **Financial Assets at Fair Value Through Other Comprehensive Income** | **I-d** | **573.771** | **110.379** | **684.150** | **262.892** | **154.018** | **416.910** |
| 1.3.1 | Public Debt Securities | | 566.097 | 93.408 | 659.505 | 255.218 | 144.122 | 399.340 |
| 1.3.2 | Equity Instruments | | 7.674 | 16.971 | 24.645 | 7.674 | 9.896 | 17.570 |
| 1.3.3 | Other Financial Assets | | - | - | - | - | - | - |
| **1.4** | **Derivative Financial Assets** | **I-l** | **2.666.512** | **187.508** | **2.854.020** | **632.899** | **143.188** | **776.087** |
| 1.4.1 | Derivative Financial Assets at Fair Value Through Profit or Loss | | 1.097.495 | 62.808 | 1.160.303 | 146.782 | 138.880 | 285.662 |
| 1.4.2 | Derivative Financial Assets at Fair Value Through Other Comprehensive Income | | 1.569.017 | 124.700 | 1.693.717 | 486.117 | 4.308 | 490.425 |
| **II.** | **FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)** | | **12.574.054** | **16.219.020** | **28.793.074** | **7.781.438** | **12.004.232** | **19.785.670** |
| **2.1** | **Loans** | **I-e-f** | **12.442.675** | **13.656.299** | **26.098.974** | **7.828.034** | **9.765.845** | **17.593.879** |
| **2.2** | **Receivables from Leasing Transactions** | **I-k** | **1.100.363** | **2.965.523** | **4.065.886** | **745.171** | **2.463.519** | **3.208.690** |
| **2.3** | **Factoring Receivables** | **I-e-f** | - | - | - | - | - | - |
| **2.4** | **Other Financial Assets Measured at Amortized Cost** | **I-g** | - | **1.023.468** | **1.023.468** | - | **510.403** | **510.403** |
| 2.4.1 | Public Debt Securities | | - | 1.023.468 | 1.023.468 | - | 510.403 | 510.403 |
| 2.4.2 | Other Financial Assets | | - | - | - | - | - | - |
| **2.5** | **Expected Credit Losses (-)** | **I-e-f** | **968.984** | **1.426.270** | **2.395.254** | **791.767** | **735.535** | **1.527.302** |
| **III.** | **NON-CURRENTS ASSETS OR DISPOSAL GROUPS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)** | **I-r** | **1.039.012** | - | **1.039.012** | **613.988** | - | **613.988** |
| 3.1 | Held for Sale | | 1.039.012 | - | 1.039.012 | 613.988 | - | 613.988 |
| 3.2 | Held from Discontinued Operations | | - | - | - | - | - | - |
| **IV.** | **INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES** | | - | - | - | - | - | - |
| **4.1** | **Investments in Associates (Net)** | **I-h** | - | - | - | - | - | - |
| 4.1.1 | Associates Accounted by Using Equity Method | | - | - | - | - | - | - |
| 4.1.2 | Non-consolidated Associates | | - | - | - | - | - | - |
| **4.2** | **Investments in Subsidiaries (Net)** | **I-i** | - | - | - | - | - | - |
| 4.2.1 | Non-Consolidated Financial Subsidiaries | | - | - | - | - | - | - |
| 4.2.2 | Non-Consolidated Non-Financial Subsidiaries | | - | - | - | - | - | - |
| **4.3** | **Jointly Controlled Partnerships (Joint Ventures) (Net)** | **I-j** | - | - | - | - | - | - |
| 4.3.1 | Jointly Controlled Partnerships Accounted by Using Equity Method | | - | - | - | - | - | - |
| 4.3.2 | Non-Consolidated Jointly Controlled Partnerships | | - | - | - | - | - | - |
| **V.** | **TANGIBLE ASSETS (Net)** | **I-m** | **815.278** | - | **815.278** | **573.200** | - | **573.200** |
| **VI.** | **INTANGIBLE ASSETS (Net)** | **I-n** | **53.411** | - | **53.411** | **43.623** | - | **43.623** |
| 6.1 | Goodwill | | - | - | - | - | - | - |
| 6.2 | Other | | 53.411 | - | 53.411 | 43.623 | - | 43.623 |
| **VII.** | **INVESTMENT PROPERTIES (Net)** | **I-o** | - | - | - | - | - | - |
| **VIII.** | **CURRENT TAX ASSETS** | | **3.181** | - | **3.181** | **27.373** | - | **27.373** |
| **IX.** | **DEFERRED TAX ASSETS** | **I-p** | **24.416** | - | **24.416** | **118.760** | - | **118.760** |
| **X.** | **OTHER ASSETS (Net)** | **I-s** | **539.405** | **40.119** | **579.524** | **262.847** | **44.045** | **306.892** |
| | **TOTAL ASSETS** | | **19.032.650** | **22.939.131** | **41.971.781** | **10.711.204** | **15.765.825** | **26.477.029** |

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

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

# BURGAN BANK A.Ş.
# CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)
# AS OF 31 DECEMBER 2021 AND 31 DECEMBER 2020

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

| **I.** | **BALANCE SHEET** | **Note** | **Audited 31/12/2021** | | | **Audited 31/12/2020** | | |
|---|---|---|---|---|---|---|---|---|
| | **LIABILITIES** | **(Section Five)** | **TL** | **FC** | **Total** | **TL** | **FC** | **Total** |
| **I.** | **DEPOSITS** | **II-a** | **6.077.888** | **18.285.287** | **24.363.175** | **4.026.297** | **9.821.151** | **13.847.448** |
| **II.** | **LOANS RECEIVED** | **II-c** | **182.243** | **8.087.012** | **8.269.255** | **495.281** | **6.163.571** | **6.658.852** |
| **III.** | **MONEY MARKET FUNDS** | | **62.155** | **210.613** | **272.768** | **34.605** | **238.918** | **273.523** |
| **IV.** | **MARKETABLE SECURITIES (Net)** | **II-d** | - | - | - | - | - | - |
| 4.1 | Bills | | - | - | - | - | - | - |
| 4.2 | Asset Backed Securities | | - | - | - | - | - | - |
| 4.3 | Bonds | | - | - | - | - | - | - |
| **V.** | **FUNDS** | | - | - | - | - | - | - |
| 5.1 | Borrower Funds | | - | - | - | - | - | - |
| 5.2 | Other | | - | - | - | - | - | - |
| **VI.** | **FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS** | **II-b** | - | - | - | - | - | - |
| **VII.** | **DERIVATIVE FINANCIAL LIABILITIES** | **II-g** | **516.741** | **71.046** | **587.787** | **232.139** | **263.416** | **495.555** |
| 7.1 | Derivative Financial Liabilities at Fair Value Through Profit or Loss | | 429.359 | 40.318 | 469.677 | 175.740 | 224.843 | 400.583 |
| 7.2 | Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income | | 87.382 | 30.728 | 118.110 | 56.399 | 38.573 | 94.972 |
| **VIII.** | **FACTORING PAYABLES** | | - | - | - | - | - | - |
| **IX.** | **LEASE PAYABLES (Net)** | **II-f** | **76.060** | **-** | **76.060** | **76.331** | **771** | **77.102** |
| **X.** | **PROVISIONS** | **II-h** | **93.583** | **161.447** | **255.030** | **282.462** | **61.324** | **343.786** |
| 10.1 | Provision for Restructuring | | - | - | - | - | - | - |
| 10.2 | Reserves for Employee Benefits | | 77.483 | - | 77.483 | 41.997 | - | 41.997 |
| 10.3 | Insurance Technical Reserves (Net) | | - | - | - | - | - | - |
| 10.4 | Other Provisions | | 16.100 | 161.447 | 177.547 | 240.465 | 61.324 | 301.789 |
| **XI.** | **CURRENT TAX LIABILITIES** | **II-i** | **60.533** | **-** | **60.533** | **57.463** | **-** | **57.463** |
| **XII.** | **DEFERRED TAX LIABILITIES** | **II-i** | **13.440** | **-** | **13.440** | **-** | **-** | **-** |
| **XIII.** | **LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)** | **II-j** | - | - | - | - | - | - |
| 13.1 | Held for Sale | | - | - | - | - | - | - |
| 13.2 | Related to Discontinued Operations | | - | - | - | - | - | - |
| **XIV.** | **SUBORDINATED DEBT** | **II-k** | **-** | **3.347.213** | **3.347.213** | **-** | **2.228.521** | **2.228.521** |
| 14.1 | Loans | | - | 3.347.213 | 3.347.213 | - | 2.228.521 | 2.228.521 |
| 14.2 | Other Debt Instruments | | - | - | - | - | - | - |
| **XV.** | **OTHER LIABILITIES** | **II-e** | **551.187** | **1.700.924** | **2.252.111** | **237.666** | **587.056** | **824.722** |
| **XVI.** | **SHAREHOLDERS` EQUITY** | **II-l** | **2.464.139** | **10.270** | **2.474.409** | **1.689.140** | **(19.083)** | **1.670.057** |
| 16.1 | Paid-in Capital | | 1.890.000 | - | 1.890.000 | 1.535.000 | - | 1.535.000 |
| 16.2 | Capital Reserves | | (2.532) | - | (2.532) | (736) | - | (736) |
| 16.2.1 | Equity Share Premiums | | - | - | - | - | - | - |
| 16.2.2 | Share Cancellation Profits | | - | - | - | - | - | - |
| 16.2.3 | Other Capital Reserves | | (2.532) | - | (2.532) | (736) | - | (736) |
| 16.3 | Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit Or Loss | | 24.222 | - | 24.222 | 17.956 | - | 17.956 |
| 16.4 | Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss | | 123.047 | 10.270 | 133.317 | 12.438 | (19.083) | (6.645) |
| 16.5 | Profit Reserves | | 124.587 | - | 124.587 | 398.179 | - | 398.179 |
| 16.5.1 | Legal Reserves | | 25.728 | - | 25.728 | 24.839 | - | 24.839 |
| 16.5.2 | Statutory Reserves | | - | - | - | - | - | - |
| 16.5.3 | Extraordinary Reserves | | 98.754 | - | 98.754 | 373.340 | - | 373.340 |
| 16.5.4 | Other profit Reserves | | 105 | - | 105 | - | - | - |
| 16.6 | Profit or Loss | | 304.815 | - | 304.815 | (273.697) | - | (273.697) |
| 16.6.1 | Prior years' Profits or Losses | | - | - | - | (6.283) | - | (6.283) |
| 16.6.2 | Current Period Net Profit or Loss | | 304.815 | - | 304.815 | (267.414) | - | (267.414) |
| 16.7 | Minority Shares | | - | - | - | - | - | - |
| | **TOTAL EQUITY AND LIABILITIES** | | **10.097.969** | **31.873.812** | **41.971.781** | **7.131.384** | **19.345.645** | **26.477.029** |

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

# BURGAN BANK A.Ş.
# CONSOLIDATED OFF-BALANCE SHEETS COMMITMENTS
# AS OF 31 DECEMBER 2021 AND 31 DECEMBER 2020

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

| **II.** | **OFF-BALANCE SHEET** | **Note (Section Five)** | **Audited 31/12/2021** | | | **Audited 31/12/2020** | | |
|---|---|---|---|---|---|---|---|---|
| | | | **TL** | **FC** | **Total** | **TL** | **FC** | **Total** |
| **A.** | **OFF-BALANCE SHEET COMMITMENTS (I+II+III)** | | **13.597.786** | **53.743.963** | **67.341.749** | **5.569.605** | **38.682.730** | **44.252.335** |
| **I.** | **GUARANTEES AND WARRANTIES** | **III-a-2-3** | **1.664.992** | **5.381.558** | **7.046.550** | **992.145** | **4.179.622** | **5.171.767** |
| 1.1. | Letters of Guarantee | | 1.592.992 | 1.495.196 | 3.088.188 | 992.145 | 1.562.036 | 2.554.181 |
| 1.1.1. | Guarantees Subject to State Tender Law | | 13.542 | 562 | 14.104 | 14.924 | 358 | 15.282 |
| 1.1.2. | Guarantees Given for Foreign Trade Operations | | - | - | - | - | - | - |
| 1.1.3. | Other Letters of Guarantee | | 1.579.450 | 1.494.634 | 3.074.084 | 977.221 | 1.561.678 | 2.538.899 |
| 1.2. | Bank Acceptances | | - | 209.466 | 209.466 | - | 171.038 | 171.038 |
| 1.2.1. | Import Letter of Acceptance | | - | 209.466 | 209.466 | - | 171.038 | 171.038 |
| 1.2.2. | Other Bank Acceptances | | - | - | - | - | - | - |
| 1.3. | Letters of Credit | | - | 2.515.966 | 2.515.966 | - | 1.117.312 | 1.117.312 |
| 1.3.1. | Documentary Letters of Credit | | - | 2.515.966 | 2.515.966 | - | 1.117.312 | 1.117.312 |
| 1.3.2. | Other Letters of Credit | | - | - | - | - | - | - |
| 1.4. | Prefinancing Given as Guarantee | | - | - | - | - | - | - |
| 1.5. | Endorsements | | - | - | - | - | - | - |
| 1.5.1. | Endorsements to the Central Bank of the Republic of Turkey | | - | - | - | - | - | - |
| 1.5.2. | Other Endorsements | | - | - | - | - | - | - |
| 1.6. | Securities Issue Purchase Guarantees | | - | - | - | - | - | - |
| 1.7. | Factoring Guarantees | | - | - | - | - | - | - |
| 1.8. | Other Guarantees | | 72.000 | 1.160.930 | 1.232.930 | - | 1.329.236 | 1.329.236 |
| 1.9. | Other Collaterals | | - | - | - | - | - | - |
| **II.** | **COMMITMENTS** | **III-a-1** | **1.243.073** | **1.127.229** | **2.370.302** | **824.940** | **1.300.616** | **2.125.556** |
| 2.1. | Irrevocable Commitments | | 1.243.073 | 1.127.229 | 2.370.302 | 824.940 | 1.300.616 | 2.125.556 |
| 2.1.1. | Asset Purchase and Sales Commitments | | 785.280 | 1.127.229 | 1.912.509 | 555.391 | 1.163.870 | 1.719.261 |
| 2.1.2. | Deposit Purchase and Sales Commitments | | - | - | - | - | 136.746 | 136.746 |
| 2.1.3. | Share Capital Commitments to Associates and Subsidiaries | | - | - | - | - | - | - |
| 2.1.4. | Commitments for Loan Limits | | 295.348 | - | 295.348 | 196.854 | - | 196.854 |
| 2.1.5. | Securities Issue Brokerage Commitments | | - | - | - | - | - | - |
| 2.1.6. | Commitments for Reserve Deposit Requirements | | - | - | - | - | - | - |
| 2.1.7. | Commitments for Cheques | | 81.744 | - | 81.744 | 72.695 | - | 72.695 |
| 2.1.8. | Tax and Fund Liabilities from Export Commitments | | - | - | - | - | - | - |
| 2.1.9. | Commitments for Credit Card Limits | | - | - | - | - | - | - |
| 2.1.10. | Promotion Commitments for Credit Cards and Banking Services | | - | - | - | - | - | - |
| 2.1.11. | Receivables from Short Sale Commitments of Marketable Securities | | - | - | - | - | - | - |
| 2.1.12. | Payables for Short Sale Commitments of Marketable Securities | | - | - | - | - | - | - |
| 2.1.13. | Other Irrevocable Commitments | | 80.701 | - | 80.701 | - | - | - |
| 2.2. | Revocable Commitments | | - | - | - | - | - | - |
| 2.2.1. | Revocable Commitments for Loan Limits | | - | - | - | - | - | - |
| 2.2.2. | Other Revocable Commitments | | - | - | - | - | - | - |
| **III.** | **DERIVATIVE FINANCIAL INSTRUMENTS** | | **10.689.721** | **47.235.176** | **57.924.897** | **3.752.520** | **33.202.492** | **36.955.012** |
| 3.1. | Hedging Derivative Financial Instruments | | 2.088.375 | 15.177.059 | 17.265.434 | 907.234 | 6.946.783 | 7.854.017 |
| 3.1.1. | Transactions for Fair Value Hedge | | - | - | - | - | - | - |
| 3.1.2. | Transactions for Cash Flow Hedge | | 2.088.375 | 15.177.059 | 17.265.434 | 907.234 | 6.946.783 | 7.854.017 |
| 3.1.3. | Transactions for Foreign Net Investment Hedge | | - | - | - | - | - | - |
| 3.2. | Trading Derivative Financial Instruments | | 8.601.346 | 32.058.117 | 40.659.463 | 2.845.286 | 26.255.709 | 29.100.995 |
| 3.2.1. | Forward Foreign Currency Buy/Sell Transactions | | 48.381 | 448.470 | 496.851 | 24.096 | 164.866 | 188.962 |
| 3.2.1.1 | Forward Foreign Currency Transactions-Buy | | 43.169 | 201.015 | 244.184 | 16.564 | 79.529 | 96.093 |
| 3.2.1.2. | Forward Foreign Currency Transactions-Sell | | 5.212 | 247.455 | 252.667 | 7.532 | 85.337 | 92.869 |
| 3.2.2. | Swap Transactions Related to Foreign Currency and Interest Rates | | 7.754.676 | 28.879.115 | 36.633.791 | 2.470.994 | 24.957.971 | 27.428.965 |
| 3.2.2.1. | Foreign Currency Swap-Buy | | 543.994 | 14.059.378 | 14.603.372 | 175.511 | 10.006.154 | 10.181.665 |
| 3.2.2.2. | Foreign Currency Swap-Sell | | 7.000.682 | 7.033.817 | 14.034.499 | 2.295.483 | 8.128.375 | 10.423.858 |
| 3.2.2.3. | Interest Rate Swap-Buy | | 105.000 | 3.892.960 | 3.997.960 | - | 3.411.721 | 3.411.721 |
| 3.2.2.4. | Interest Rate Swap-Sell | | 105.000 | 3.892.960 | 3.997.960 | - | 3.411.721 | 3.411.721 |
| 3.2.3. | Foreign Currency, Interest rate and Securities Options | | 648.267 | 2.602.574 | 3.250.841 | 350.196 | 1.132.872 | 1.483.068 |
| 3.2.3.1. | Foreign Currency Options-Buy | | 545.677 | 960.786 | 1.506.463 | 165.033 | 561.256 | 726.289 |
| 3.2.3.2. | Foreign Currency Options-Sell | | 102.590 | 1.641.788 | 1.744.378 | 185.163 | 571.616 | 756.779 |
| 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 | | 150.022 | 127.958 | 277.980 | - | - | - |
| 3.2.4.1. | Foreign Currency Futures-Buy | | 111.427 | 39.987 | 151.414 | - | - | - |
| 3.2.4.2. | Foreign Currency Futures-Sell | | 38.595 | 87.971 | 126.566 | - | - | - |
| 3.2.5. | Interest Rate Futures | | - | - | - | - | - | - |
| 3.2.5.1. | Interest Rate Futures-Buy | | - | - | - | - | - | - |
| 3.2.5.2. | Interest Rate Futures-Sell | | - | - | - | - | - | - |
| 3.2.6 | Other | | - | - | - | - | - | - |
| **B.** | **CUSTODY AND PLEDGES RECEIVED (IV+V+VI)** | | **114.324.622** | **250.367.076** | **364.691.698** | **78.343.108** | **153.836.559** | **232.179.667** |
| **IV.** | **ITEMS HELD IN CUSTODY** | | **4.160.091** | **4.302.006** | **8.462.097** | **5.749.144** | **2.522.930** | **8.272.074** |
| 4.1. | Customer Fund and Portfolio Balances | | - | - | - | - | - | - |
| 4.2. | Investment Securities Held in Custody | | 1.948.822 | 2.878.374 | 4.827.196 | 4.596.545 | 1.037.420 | 5.633.965 |
| 4.3. | Cheques Received for Collection | | 1.937.439 | 253.096 | 2.190.535 | 1.116.771 | 130.300 | 1.247.071 |
| 4.4. | Commercial Notes Received for Collection | | 20.454 | 13.707 | 34.161 | 10.304 | 12.978 | 23.282 |
| 4.5. | Other Assets Received for Collection | | - | - | - | - | - | - |
| 4.6. | Assets Received for Public Offering | | - | - | - | - | - | - |
| 4.7. | Other Items Under Custody | | 253.376 | 1.156.829 | 1.410.205 | 25.524 | 1.342.232 | 1.367.756 |
| 4.8. | Custodians | | - | - | - | - | - | - |
| **V.** | **PLEDGES RECEIVED** | | **109.944.355** | **246.065.070** | **356.009.425** | **72.373.788** | **151.313.629** | **223.687.417** |
| 5.1. | Marketable Securities | | 171.003 | - | 171.003 | 286.197 | - | 286.197 |
| 5.2. | Guarantee Notes | | 22.484.916 | 39.594.685 | 62.079.601 | 21.605.410 | 23.723.645 | 45.329.055 |
| 5.3. | Commodity | | 3.718.689 | 4.914.930 | 8.633.619 | 3.365.837 | 3.444.097 | 6.809.934 |
| 5.4. | Warranty | | - | - | - | - | - | - |
| 5.5. | Immovable | | 73.481.708 | 87.762.595 | 161.244.303 | 37.700.884 | 52.755.839 | 90.456.723 |
| 5.6. | Other Pledged Items | | 10.088.039 | 113.792.860 | 123.880.899 | 9.415.460 | 71.390.048 | 80.805.508 |
| 5.7 | Pledged Items-Depository | | - | - | - | - | - | - |
| **VI.** | **ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES** | | **220.176** | **-** | **220.176** | **220.176** | **-** | **220.176** |
| | **TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)** | | **127.922.408** | **304.111.039** | **432.033.447** | **83.912.713** | **192.519.289** | **276.432.002** |

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

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

# BURGAN BANK A.Ş.
# CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020

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

| **III.** | **STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS** | **Note (Section Five)** | **Audited 01/01/2021-31/12/2021** | **Audited 01/01/2020-31/12/2020** |
|---|---|---|---|---|
| **I.** | **INTEREST INCOME** | **IV-a** | **2.760.661** | **1.900.210** |
| 1.1 | Interest Received From Loans | | 1.832.994 | 1.274.816 |
| 1.2 | Interest Received From Reserve Deposits | | 38.292 | 2.218 |
| 1.3 | Interest Received From Banks | | 51.440 | 27.151 |
| 1.4 | Interest Received From Money Market Transactions | | 18.813 | 33.348 |
| 1.5 | Interest Received From Marketable Securities Portfolio | | 107.885 | 59.245 |
| 1.5.1 | Financial Assets at Fair Value Through Profit or Loss | | 2.031 | 1.709 |
| 1.5.2 | Financial Assets at Fair Value Through Other Comprehensive Income | | 61.290 | 31.251 |
| 1.5.3 | Financial Assets Measured at Amortized Cost | | 44.564 | 26.285 |
| 1.6 | Finance Lease Interest Income | | 275.149 | 237.722 |
| 1.7 | Other Interest Income | IV-l | 436.088 | 265.710 |
| **II.** | **INTEREST EXPENSES (-)** | **IV-b** | **2.017.426** | **1.197.896** |
| 2.1 | Interest on Deposits | | 1.045.905 | 537.035 |
| 2.2 | Interest on Funds Borrowed | | 309.332 | 325.095 |
| 2.3 | Interest on Money Market Transactions | | 5.141 | 8.312 |
| 2.4 | Interest on Securities Issued | | - | - |
| 2.5 | Finance Lease Interest Expenses | | 11.609 | 9.709 |
| 2.6 | Other Interest Expenses | IV-l | 645.439 | 317.745 |
| **III.** | **NET INTEREST INCOME/EXPENSE (I - II)** | | **743.235** | **702.314** |
| **IV.** | **NET FEES AND COMMISSIONS INCOME/EXPENSES** | | **39.672** | **37.822** |
| 4.1 | Fees and Commissions Received | | 62.411 | 55.169 |
| 4.1.1 | Non-Cash Loans | | 35.667 | 27.638 |
| 4.1.2 | Other | IV-l | 26.744 | 27.531 |
| 4.2 | Fees and Commissions Paid (-) | | 22.739 | 17.347 |
| 4.2.1 | Non-Cash Loans (-) | | 110 | 132 |
| 4.2.2 | Other (-) | IV-l | 22.629 | 17.215 |
| **V.** | **DIVIDEND INCOME** | **IV-c** | **46** | **8** |
| **VI.** | **TRADING PROFIT/LOSS (Net)** | **IV-d** | **179.493** | **108.305** |
| 6.1 | Profit/Losses From Capital Market Transactions | | 30.611 | 37.960 |
| 6.2 | Profit/Losses From Derivative Financial Transactions | | (7.787) | (22.279) |
| 6.3 | Foreign Exchange Profit/Losses | | 156.669 | 92.624 |
| **VII.** | **OTHER OPERATING INCOME** | **IV-e** | **337.341** | **64.052** |
| **VIII.** | **GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI)** | | **1.299.787** | **912.501** |
| **IX.** | **ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)** | **IV-f** | **309.356** | **482.190** |
| **X.** | **OTHER PROVISION EXPENSES (-)** | **IV-f** | **-** | **218.808** |
| **XI.** | **PERSONNEL EXPENSES (-)** | | **268.110** | **237.671** |
| **XII.** | **OTHER OPERATING EXPENSES (-)** | **IV-g** | **339.933** | **258.389** |
| **XIII.** | **NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)** | | **382.388** | **(284.557)** |
| **XIV.** | **SURPLUS WRITTEN AS GAIN AFTER MERGER** | | **-** | **-** |
| **XV.** | **PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES** | | **-** | **-** |
| **XVI.** | **NET MONETARY POSITION GAIN/LOSS** | | **-** | **-** |
| **XVII.** | **PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)** | **IV-h** | **382.388** | **(284.557)** |
| **XVIII.** | **PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)** | **IV-i** | **(77.573)** | **17.143** |
| 18.1 | Current Tax Provision | | 5.284 | 43.554 |
| 18.2 | Expense Effect of Deferred Tax (+) | | 481.929 | 32.389 |
| 18.3 | Income Effect of deferred tax (-) | | 409.640 | 93.086 |
| **XIX.** | **NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)** | **IV-j** | **304.815** | **(267.414)** |
| **XX.** | **INCOME FROM DISCONTINUED OPERATIONS** | | **-** | **-** |
| 20.1 | Income From Assets Held For Sale | | - | - |
| 20.2 | Profit From Sale of Associates, Subsidiaries and Joint Ventures | | - | - |
| 20.3 | Other Income From Discontinued Operations | | - | - |
| **XXI.** | **EXPENSES FROM DISCONTINUED OPERATIONS (-)** | | **-** | **-** |
| 21.1 | Expenses on Assets Held For Sale | | - | - |
| 21.2 | Losses From Sale of Associates, Subsidiaries and Joint Ventures | | - | - |
| 21.3 | Other Expenses From Discontinued Operations | | - | - |
| **XXII.** | **PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)** | | **-** | **-** |
| **XXIII.** | **TAX PROVISION FOR DISCONTINUED OPERATIONS (±)** | | **-** | **-** |
| 23.1 | Current Tax Provision | | - | - |
| 23.2 | Expense Effect of Deferred Tax (+) | | - | - |
| 23.3 | Income Effect of Deferred Tax (-) | | - | - |
| **XXIV.** | **NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)** | | **-** | **-** |
| **XXV.** | **NET PROFIT/LOSS (XIX+XXIV)** | **IV-k** | **304.815** | **(267.414)** |
| 25.1 | Group`s Profit / Loss | | 304.815 | (267.414) |
| 25.2 | Minority Shares' Profit / Loss (-) | | - | - |
| | Profit / (Loss) per share (1.000 nominal in TL full) | | 1,690 | (1,742) |

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

## BURGAN BANK A.Ş.
## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020

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

| IV. | STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | Audited 31/12/2021 | Audited 31/12/2020 |
|---|---|---|---|
| **I.** | **CURRENT PERIOD INCOME/LOSS** | **304.815** | **(267.414)** |
| **II.** | **OTHER COMPREHENSIVE INCOME** | **146.228** | **24.479** |
| **2.1** | **Items that will not be Reclassified to Profit or Loss** | **6.266** | **2.897** |
| 2.1.1 | Increases/Decreases in Revaluation of Tangible Assets | 11.914 | 3.648 |
| 2.1.2 | Increases/Decreases in Revaluation Differences of Intangible Assets | - | - |
| 2.1.3 | Defined Benefit Plans Re-Measurement Gains / Loss | (5.571) | (500) |
| 2.1.4 | Other Comprehensive Income not to be Reclassified as Other Profit or Loss | - | - |
| 2.1.5 | Other Comprehensive Income not to be Reclassified to Profit or Loss | (77) | (251) |
| **2.2** | **Items that will be Reclassified to Profit or Loss** | **139.962** | **21.582** |
| 2.2.1 | Foreign Currency Translation Differences | - | (5.749) |
| 2.2.2 | Gains/Losses on Valuation or Reclassification Arising from Financial Assets at Fair Value Through Other Comprehensive Income | (70.998) | 7.485 |
| 2.2.3 | Gains/Losses Arising on Cash Flow Hedges | 238.623 | 27.376 |
| 2.2.4 | Gains/Losses Arising on Net Investment Hedges | - | - |
| 2.2.5 | Other Comprehensive Income to be Reclassified as Other Profit or Loss | - | - |
| 2.2.6 | Taxes Related to Other Comprehensive Income that will be Reclassified to Profit or Loss | (27.663) | (7.530) |
| **III.** | **TOTAL COMPREHENSIVE INCOME (I+II)** | **451.043** | **(242.935)** |

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

# BURGAN BANK A.Ş.
# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021

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

## V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | | | | | | | Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss | | | Accumulated Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Audited<br>CURRENT PERIOD<br>31.12.2021 | Note (Section Five) | Paid-in Capital | Share Premium | Share Cancellation Profits | Other Capital Reserves | 1 | 2 | 3 | 4 | 5 | 6 | Profit Reserves | Prior Period Profit / (Loss) | Current Period Net Income or Loss | Total Shareholders' Equity Except From Minority Interest | Minority Interest | Total Shareholders' Equity |
| **I.** | **Prior Period End Balance** | **II-l** | **1.535.000** | **-** | **-** | **(736)** | **23.452** | **(5.496)** | **-** | **-** | **3.592** | **(10.237)** | **398.179** | **(273.697)** | **-** | **1.670.057** | **-** | **1.670.057** |
| **II.** | **Corrections according to TAS 8** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 2.1 | Effect of Corrections of Errors | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 | Effect of Amendments in Accounting Policies | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **III.** | **New Balance (I+II)** | | **1.535.000** | **-** | **-** | **(736)** | **23.452** | **(5.496)** | **-** | **-** | **3.592** | **(10.237)** | **398.179** | **(273.697)** | **-** | **1.670.057** | **-** | **1.670.057** |
| **IV.** | **Total Comprehensive Income** | | **-** | **-** | **-** | **-** | **10.724** | **(4.458)** | **-** | **-** | **(55.798)** | **195.760** | **-** | **-** | **304.815** | **451.043** | **-** | **451.043** |
| **V.** | **Capital Increase in Cash** | | **355.000** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **355.000** | **-** | **355.000** |
| **VI.** | **Capital Increase in Internal Resources** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **VII.** | **Adjustment to Share Capital** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **VIII** | **Convertible Bonds** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **IX.** | **Subordinated Debt Instruments** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **X.** | **Gain or Loss related to Other Changes** | | **-** | **-** | **-** | **(1.796)** | **-** | **-** | **-** | **-** | **-** | **-** | **105** | **-** | **-** | **(1.691)** | **-** | **(1.691)** |
| **XI.** | **Profit Distribution** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(273.697)** | **273.697** | **-** | **-** | **-** | **-** |
| 11.1 | Dividend Paid | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11.2 | Transfers to Reserves | | - | - | - | - | - | - | - | - | - | - | (273.697) | 273.697 | - | - | - | - |
| 11.3 | Other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Period End Balance (III+IV+…..+X+XI)** | | **1.890.000** | **-** | **-** | **(2.532)** | **34.176** | **(9.954)** | **-** | **-** | **(52.206)** | **185.523** | **124.587** | **-** | **304.815** | **2.474.409** | **-** | **2.474.409** |

1. Tangible assets revaluations increases / decreases,
2. Accumulated re-measurement gains / (losses) of defined benefit plans,
3. Other (the share of other comprehensive income of the investments accounted by the equity method that cannot be classified as profit / (loss) and the accumulated amount of other comprehensive income items that will not be reclassified as other profit / (loss)),
4. Foreign currency translation differences,
5. Accumulated revaluation and / or classification gains / (losses) on financial assets at fair value through other comprehensive income,
6. Other (Cash flow hedging gains / (losses), share of other comprehensive income of equity method investees classified as profit / (loss) and accumulated other comprehensive income to be reclassified as other profit or (loss)).

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

# BURGAN BANK A.Ş.
# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020

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

## V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | Audited<br>PRIOR PERIOD<br>31.12.2020 | Note (Section Five) | Paid-in Capital | Share Premium | Share Cancellation Profits | Other Capital Reserves | Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss<br>1 | 2 | 3 | Accumulated Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss<br>4 | 5 | 6 | Profit Reserves | Prior Period Profit / (Loss) | Current Period Net Income or Loss | Total Shareholders' Equity Except From Minority Interest | Minority Interest | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **I.** | **Prior Period End Balance** | **II-l** | **1.535.000** | **-** | **-** | **(736)** | **20.713** | **(5.096)** | **-** | **5.749** | **(2.396)** | **(32.138)** | **259.625** | **138.554** | **-** | **1.919.275** | **-** | **1.919.275** |
| **II.** | **Corrections according to TAS 8** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.1 | Effect of Corrections of Errors | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2.2 | Effect of Amendments in Accounting Policies | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **III.** | **New Balance (I+II)** | | **1.535.000** | **-** | **-** | **(736)** | **20.713** | **(5.096)** | **-** | **5.749** | **(2.396)** | **(32.138)** | **259.625** | **138.554** | **-** | **1.919.275** | **-** | **1.919.275** |
| **IV.** | **Total Comprehensive Income** | | **-** | **-** | **-** | **-** | **2.739** | **(400)** | **-** | **(5.749)** | **5.988** | **21.901** | **-** | **-** | **(267.414)** | **(242.935)** | **-** | **(242.935)** |
| **V.** | **Capital Increase in Cash** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **VI.** | **Capital Increase in Internal Resources** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **VII.** | **Adjustment to Share Capital** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **VIII.** | **Convertible Bonds** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **IX.** | **Subordinated Debt Instruments** | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **X.** | **Gain or Loss related to Other Changes** | | - | - | - | - | - | - | - | - | - | - | - | **(6.283)** | - | **(6.283)** | - | **(6.283)** |
| **XI.** | **Profit Distribution** | | - | - | - | - | - | - | - | - | - | - | **138.554** | **(138.554)** | - | - | - | - |
| 11.1 | Dividend Paid | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11.2 | Transfers to Reserves | | - | - | - | - | - | - | - | - | - | - | 138.554 | (138.554) | - | - | - | - |
| 11.3 | Other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Period End Balance (III+IV+…..+X+XI)** | | **1.535.000** | **-** | **-** | **(736)** | **23.452** | **(5.496)** | **-** | **-** | **3.592** | **(10.237)** | **398.179** | **(6.283)** | **(267.414)** | **1.670.057** | **-** | **1.670.057** |

1. Tangible assets revaluations increases / decreases,
2. Accumulated re-measurement gains / (losses) of defined benefit plans,
3. Other (the share of other comprehensive income of the investments accounted by the equity method that cannot be classified as profit / (loss) and the accumulated amount of other comprehensive income items that will not be reclassified as other profit / (loss)),
4. Foreign currency translation differences,
5. Accumulated revaluation and / or classification gains / (losses) on financial assets at fair value through other comprehensive income,
6. Other (Cash flow hedging gains / (losses), share of other comprehensive income of equity method investees classified as profit / (loss) and accumulated other comprehensive income to be reclassified as other profit or (loss)).

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

| VI. | STATEMENT OF CASH FLOWS | Note (Section Five) | Audited 31/12/2021 | Audited 31/12/2020 |
|---|---|---|---|---|
| **A.** | **CASH FLOWS FROM BANKING OPERATIONS** | | | |
| **1.1** | **Operating Profit Before Changes in Operating Assets and Liabilities** | | **(645.302)** | **454.734** |
| 1.1.1 | Interest Received | | 2.730.282 | 1.847.705 |
| 1.1.2 | Interest Paid | | (1.985.149) | (1.183.798) |
| 1.1.3 | Dividend Received | | 46 | 8 |
| 1.1.4 | Fees and Commissions Received | | 30.321 | 35.312 |
| 1.1.5 | Other Income | | - | - |
| 1.1.6 | Collections from Previously Written-off Loans and Other Receivables | | 462.715 | 432.310 |
| 1.1.7 | Payments to Personnel and Service Suppliers | | (268.110) | (237.671) |
| 1.1.8 | Taxes Paid | | (21.502) | (23.053) |
| 1.1.9 | Other | VI-b | (1.593.905) | (416.079) |
| **1.2** | **Changes in Operating Assets and Liabilities** | | **1.152.596** | **(5.209)** |
| 1.2.1 | Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss | | (53.897) | (46.663) |
| 1.2.2 | Net (Increase)/Decrease in Due from Banks and Other Financial Institutions | | (1.991.196) | (599.802) |
| 1.2.3 | Net (Increase)/Decrease in Loans | | (8.381.925) | (3.887.060) |
| 1.2.4 | Net (Increase)/Decrease in Other Assets | | (2.280.621) | (512.619) |
| 1.2.5 | Net Increase/(Decrease) in Bank Deposits | | 360.807 | (91.769) |
| 1.2.6 | Net Increase/(Decrease) in Other Deposits | | 10.154.647 | 2.442.449 |
| 1.2.7 | Net Increase/(Decrease) in Financial Liabilities at Fair Value Through Profit or Loss | | (31.673) | - |
| 1.2.8 | Net Increase/(Decrease) in Funds Borrowed | | 2.728.764 | 1.824.083 |
| 1.2.9 | Net Increase/(Decrease) in Payables | | - | - |
| 1.2.10 | Net Increase/(Decrease) in Other Liabilities | VI-b | 647.690 | 866.172 |
| **I.** | **Net Cash Provided from Banking Operations** | | **507.294** | **449.525** |
| **B.** | **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| **II.** | **Net Cash Provided from Investing Activities** | | **(40.886)** | **(692.690)** |
| 2.1 | Cash Paid for Acquisition of Investments, Associates and Subsidiaries | | - | - |
| 2.2 | Cash Obtained from Disposal of Investments, Associates and Subsidiaries | | - | - |
| 2.3 | Purchases of Property and Equipment | | (44.281) | (344.877) |
| 2.4 | Disposals of Property and Equipment | | 338.004 | 48.151 |
| 2.5 | Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income | | (754.383) | (396.769) |
| 2.6 | Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income | | 483.179 | 168.579 |
| 2.7 | Purchased Financial Assets at Amortized Cost | | (228.699) | (167.774) |
| 2.8 | Sold Financial Assets at Amortized Cost | | 165.294 | - |
| 2.9 | Other | | - | - |
| **C.** | **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| **III.** | **Net Cash Provided from Financing Activities** | | **355.000** | - |
| 3.1 | Cash Obtained from Funds Borrowed and Securities Issued | | - | - |
| 3.2 | Cash Used for Repayment of Funds Borrowed and Securities Issued | | - | - |
| 3.3 | Issued Capital Instruments | | 355.000 | - |
| 3.4 | Dividends Paid | | - | - |
| 3.5 | Payments for Leases | | - | - |
| 3.6 | Other | | - | - |
| **IV.** | **Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents** | **VI-b** | **431.253** | **35.723** |
| **V.** | **Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)** | | **1.252.661** | **(207.442)** |
| **VI.** | **Cash and Cash Equivalents at Beginning of the Period** | **VI-a** | **2.157.969** | **2.365.411** |
| **VII.** | **Cash and Cash Equivalents at End of the Period** | **VI-a** | **3.410.630** | **2.157.969** |

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

| VII. STATEMENT OF PROFIT APPROPRIATION | (31/12/2021)(*) | (31/12/2020) (**) |
|---|---|---|
| **I. DISTRIBUTION OF CURRENT YEAR INCOME** | | |
| 1.1. CURRENT YEAR INCOME | 344.442 | (296.073) |
| 1.2. TAXES AND DUTIES PAYABLE (-) | 39.627 | (28.659) |
| 1.2.1. Corporate Tax (Income tax) | - | 32.862 |
| 1.2.2. Income Withholding Tax | - | - |
| 1.2.3. Other Tax and Legal Liabilities (***) | 39.627 | (61.521) |
| **A. NET INCOME FOR THE YEAR (1.1-1.2) (****)** | **304.815** | **(267.414)** |
| 1.3. PRIOR YEAR LOSSES (-) | - | - |
| 1.4. FIRST LEGAL RESERVES (-) | - | - |
| 1.5. OTHER STATUTORY RESERVES (-) | - | - |
| **B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]** | **-** | **(267.414)** |
| 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 | - | (267.414) |
| 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 | - | - |
| 3.2. TO OWNERS OF ORDINARY SHARES ( % ) | - | - |
| 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 ( % ) | - | - |

(*) As of the preparation date of the financial statements, the General Assembly meeting of the Bank has not been held yet.
(**) It contains the information on the "Dividend Distribution Statement" approved at the Bank's Ordinary General Assembly held on 26 March 2021.
(***) It has been considered by the Banking Regulation and Supervision Agency that the income amounts related to deferred tax assets cannot be qualified as cash or internal resources, and therefore, the part of the period profit arising from the said assets should not be subject to profit distribution and capital increase. The deferred tax income that will not be subject to distribution as of 31 December 2021 is TL 61.521 (31 December 2020: Deferred Tax Income TL 30.456).
(****) TL 90.033 in net profit for the period consists of TMS27 adjustments. (31 December 2020: TL 31.299)

# SECTION THREE

## EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD

### I. BASIS OF PRESENTATION:

**a. The preparation of the consolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures numbered 5411 Regarding Banks' Accounting Application and Keeping Documents:**

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 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, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations (all "Turkish Accounting Standards" or "TMS") put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA"). The format and content of the publicly announced unconsolidated financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué related to Publicly Announced Financial Statements of Banks and Explanations and Notes to related to these Financial Statements", published in the Official Gazette No. 28337, dated 28 June 2012, and changes and amendments to this Communiqué. The Bank maintains its accounting entries in Turkish Lira, in accordance with the Banking Law, Turkish Trade Law and the Turkish Tax Legislation.

The consolidated financial statements expressed in TL, were prepared with the cost-based method and were subject to inflation adjustments until 31 December 2004, except for financial assets, liabilities and buildings which were carried at fair value. The amounts in the consolidated financial statements and notes related to these financial statements have been expressed in thousands of Turkish Lira, unless otherwise stated.The preparation of consolidated financial statements in conformity with TAS 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 issues 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. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with Turkish Accounting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") has not been applied.

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2021 within the scope of TAS 29 "Financial Reporting in High Inflation Economies". In the accompanying consolidated financial statements, no inflation adjustment has been made in accordance with TAS 29.

## EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

### I. BASIS OF PRESENTATION (Continued):

Coronavirus epidemic, which has recently emerged in China, spread to various countries in the world, causing potentially fatal respiratory infections, affects, especially in countries exposed to the epidemic, both regional and global economic conditions negatively, as well as it causes disruptions in operations. As a result of the spread of COVID-19 throughout the world, various measures have been taken in our country as well as in the world in order to prevent the transmission of the virus and measures are still continued to be 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.

In the consolidated 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 explained these on disclosure VIII. "Explanations on Expected Credit Losses". In the coming periods, the Bank will update its relevant assumptions as necessary and revise the realizations of past estimates.

**b. Explanations on accounting policies and changes in financial statement presentations**:

None.

**c. Items subject to different accounting policies in the preparation of consolidated financial statements:**

None.

### II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS:

The general strategy of the Group is using financial instruments to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Group is deposits. Additionally, the Group can also sustain a lengthened liability structure by using long-term borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in high yield and quality financial assets and currency, interest rate and liquidity risks are being kept within the limits following the asset-liability management strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Group and the related legal limits. Derivative instruments are mainly utilized for liquidity needs and for mitigating currency and interest rate risks. The position of the Group as a result of foreign currency activities are being held at minimum levels and the exposed currency risk is followed within the levels determined by the Board of Directors, considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the Parent Bank's foreign currency bid rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognized in the income statement under the account of "Foreign exchange gains or losses".

As of 31 December 2021, foreign currency denominated balances are translated into TL using the exchange rates of TL 13,3290 and 15,0867 for USD and EURO, respectively.

**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

## III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES:

The consolidated financial statements are prepared in accordance with the TFRS 10 "Turkish Accounting Standard for Consolidated Financial Statements". Consolidation principles for subsidiaries:

Subsidiaries are entities controlled directly or indirectly by the Parent Bank. Subsidiaries are consolidated using the full consolidation method on the grounds of materiality principle considering their operations, asset and equity sizes. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Parent Bank.

Control depicts the significant influence the Parent Bank has over an investment to a legal entity, the varying yield the Parent Bank receives due to its relationship with this entity or the rights of the Parent Bank entitled over this yield and the power to impact the yield that the invested legal entity will generate.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items.

The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intergroup balances and intergroup transactions and resulting unrealized profits and losses are eliminated. Minority interests are presented in the consolidated balance sheet, under shareholder's equity. Minority interests are presented separately in the Group's income.

The Group has no joint ventures as of 31 December 2021 and 31 December 2020.

**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

## IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:

The major derivative instruments utilized by the Group are currency and interest rate swaps, cross currency swaps, currency options and currency forwards.

The Group classifies its currency forwards, swaps, options and futures as transactions at "Fair Value Through Profit or Loss" in accordance with TFRS 9 principles. Derivative transactions are recorded in accordance with their fair value on the contract date. Also, liabilities and receivables arising from derivative instruments are followed in the off-balance sheet accounts from their contractual values.

Derivative instruments are measured at their fair values in the periods following their recording and are disclosed under assets or liabilities in the "Derivative Financial Assets at Fair Value Through Profit or Loss" section according to whether their fair value is positive or negative. Valuation differences in the fair value of trading derivative instruments are reflected to the income statement. The fair values of the derivative financial instruments are calculated by using quoted market prices or by using discounted cash flow models.

As of 31 December 2021, the Group applies cash flow hedge accounting through cross and interest currency swaps to protect against changes in interest rates of FC deposits which have average maturities of up to 3 months. The Group implements effectiveness tests at the balance sheet dates for hedge accounting, the effective parts are accounted as defined in TFRS 9, on the financial statements under equity "Accumulated Other Comprehensive Income or Expense to be Reclassified Through Profit or Loss", whereas the amount concerning ineffective parts is associated with the 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. The renewal of a financial hedging instrument or the transfer of a financial hedging instrument to another financial hedging instrument does not eliminate the hedging relationship, if the financial hedging instrument is part of the hedging strategy in accordance with TFRS 9.

## V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

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

## VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

Fees and commission income/expenses are primarily recognized on an accrual basis or "Effective Interest (Internal Efficiency) Method" according to the nature of the fee and commission, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Contract based fees or fees received for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection. The commissions and fees other than those whose amortised costs are an integral part of their effective profit rate, are accounted over time in accordance with the TFRS 15 Revenue From Contracts With Customers Standard.

**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

## VII. EXPLANATIONS ON FINANCIAL ASSETS:

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

The Group recognizes a financial asset into the financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, the business model determined by the Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Bank's management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments are made to earnings, losses or interests that were previously recorded in the financial statements.

### a. Financial assets at fair value through profit or loss:

"Financial Assets at Fair Value Through Profit or Loss" are financial assets other than the ones that are managed with business models that aim to hold contractual cash flows in order to collect them and the ones that are managed with business models that aim to collect both the contractual cash flows and cash flows arising from the sale of the assets; If the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at a 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 fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. The gains and losses arising from the conducted valuations are included in profit/loss accounts.

**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

## VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

### b. Financial assets at fair value through other comprehensive income:

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial assets with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, 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 re-measured at fair value. Interest income calculated with the 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 "Accumulated Other Comprehensive Income or Expense to be Reclassified Through Profit or Loss" under shareholders' equity. When the mentioned marketable securities are collected or sold, the accumulated losses through fair value are reflected on 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/or whose fair values can be reliably measured are carried at their fair value. Equity securities that do not have a quoted market price in an active market and/or whose fair values cannot be reliably measured are carried at cost, less provision for impairment. In case of disposal of the equity investment, the accumulated total gain or loss is followed in the "Other Accumulated Comprehensive Income or Expense that cannot be reclassified to Profit or Loss".

During initial recognition, an entity can make an irrevocable decision, by choosing to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in other comprehensive income. If this choice is made, the dividends from the investment are taken into the financial statements as profit or loss.

### c. Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash fows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at their acquisition cost including the transaction costs which reflect the fair value of those instruments and are subsequently recognized at "Amortized Cost" by using "Effective Interest (Internal Efficiency) Rate" method. Interest income obtained from financial assets measured at amortized cost are accounted in the income statement.

## EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

### VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued):

#### d. Loans

Loans are financial assets that have fixed or determinable payment terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate (Internal Rate of Return)" method.

The Group's loans are recorded under the "Measured at Amortized Cost" account.

Write-off policy is explained in, section V, the explanations and notes related to assets.

### VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES:

The Group allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income.

As of 1 January 2018, in accordance with the Communiqué related to "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" published in the Official Gazette no. 29750 dated 22 June 2016, the Bank has started to allocate a loss allowance for expected credit losses on financial assets and loans measured at amortized cost in accordance with TFRS 9. In this context, as of 1 January 2018, the credit loss allowance method within the framework of the BRSA's related legislation has been changed to the loss allowance for expected credit losses model with the implementation of TFRS 9. The predictions of expected credit loss forecasts include credible information, which is objective, probability-weighted, supportable about past events, current conditions, and forecasts of future economic conditions.

Due to COVID-19, the condition of "more than 90 days delay" used in the definition of default in order to classify loans in accordance with the BRSA Decision began to be applied as "more than 180 days delay" as of 17 March 2020, Based on the BRSA's Decision dated 8 December 2020 and numbered 9312, the validity period was extended until 30 June 2021, and again until 30 September 2021, based on the BRSA's decision dated 17 June 2021 and numbered 9624 and as of 1 October 2021, based on the BRSA's decision dated 16 September 2021 and numbered 9795. However, as of 1 October 2021, based on the same decision of the BRSA, this practice continued for loans with a delay period of more than 91 days and not exceeding 180 days.

While preparing its financial statements as of 31 December 2021, the Bank has reflected the possible effects of the COVID-19 outbreak on the important estimates and assumptions used in the preparation of the financial statements.

**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):**

The basic parameters used in the calculations of provision are described below:

**Probability of Default (PD):** PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, two different PDs are considered in calculations:

- **12-month PD:** The probability of default occurring within the next 12 months following the balance sheet date.
- **Lifetime PD:** The probability of default occurring over the remaining life of the loan.

The Group generates ratings for the corporate and commercial customers via internal rating system and the 12-month or lifetime probability of defaults are estimated based on these ratings. Macroeconomic expectations are taken into account when carrying out these expectations and the weighted average of the probabilities of default calculated from three different scenarios are considered as the final probability of default.

For retail customers, the score point is generated via the internal scoring system and the 12-month or lifetime probabilities of default are estimated based on these score points by considering the above-mentioned macroeconomic factors.

For the receivables from customers such as sovereign and banks, provision is calculated by using the determined values in the corporate and commercial probability of default table and the loss given default rates.

**Loss Given Default Rate:** If a loan default occurs, it refers to the economic loss that might be encountered by taking into consideration the collection period and the time value of money. The Group has determined the loss given default rates by considering the expert opinion based on the past historical data set.

**Exposure at Default:** For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans, it is the value calculated through using credit conversion factors.

**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**VIII. EXPLANATIONS ON EXPECTED CREDIT LOSSES (Continued):**

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

*Stage 1:*

These are the financial assets at initial recognition or financial assets that do not have a significant increase in credit risk since their initial recognition. Impairment for credit risk for these assets is accounted in the amount of 12-month expected credit losses. Therefore, the expected probability of default of 12 months is calculated by considering the maturity of the loan. This value is obtained after weighting the three macro-economic scenarios and the provision is calculated using the loss given default and risk amounts calculated by taking into consideration the collateral composition of the loan.

*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 accounted based on the financial asset's lifetime expected credit losses. The provision which will be allocated for the loan is calculated by considering the maturity and cash flow of the loan for three macroeconomic scenarios as stated above. For this purpose, the probability of default and the loss given default amounts are estimated not only for 12 months but also for the whole life of the loan and the loan provision is determined by using the present value set calculated over the cash flow.

*Stage 3:*

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized. The method is similar to the methodology applied for Stage 2 loans, but the probability of default is considered 100% in these calculations. In general the Group follows the definition of default in the legislation (objective default definition, for example the criterion of the number of days past due). On the other hand, if it is decided that the debt will not be paid, the aforementioned receivable will be considered as Stage 3, even if the default has not occurred yet.

The Group carries out its determination regarding the significant increase in credit risk by taking into consideration of the following criterias:

- Type of customer (calculations are made on separate models for corporate and commercial customers and retail customers).
- Internal rating scores (calculations are based on score points for retail customers and ratings for corporate and commercial customers).
- The deterioration observed in the internal rating score between the drawdown date and the reporting date.

In addition to the rules above, the Group has also set aside additional provisions through individual assessment.

**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

## IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

## X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:

Securities subject to repurchase agreements ("Repo") are classified as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" and "Financial assets measured at amortized cost" according to the investment purposes of the Group and are measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Funds Provided under Repurchase Agreements" in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the effective interest method.

Funds given against securities purchased under agreements ("Reverse repo") to resell are accounted under "Receivables from Reverse Repurchase Agreements" on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the "effective interest method". The Group has no securities lending transactions.

## XI. EXPLANATIONS ON TANGIBLE ASSETS THAT ARE HELD FOR RESALE, DISCONTINUED OPERATIONS AND LIABILITIES REGARDING THOSE ASSETS:

Assets held for sale are measured at the lower of the assets' carrying amount and fair value less costs to sell. Held for sale assets are not amortized and presented separately in the financial statements. In order to classify an asset as held for sale, only when the sale is highly probable, experienced quite often and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale. Highly saleable condition requires a plan by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or cancelling the plan is low. Various circumstances and conditions could extend the completion period of the sale more than one year. If such delay arises from any events and conditions beyond the control of the entity and if there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale.

The Group has no discontinued operations.

**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

## XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

### a. Goodwill:

As of 31 December 2021, the Group has no goodwill (31 December 2020: None).

### b. Other intangible assets:

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortization and the provision for value decreases, if any.

Intangibles are amortized over their estimated useful lives using the straight-line amortization method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilize the economic benefit of the asset and differs from 3 years to 15 years.

## XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

Tangible assets is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, tangible assets are carried at cost less accumulated depreciation and provision for value decrease, if any.

The Group has adopted the "revaluation method" in accordance with the "Communiqué Regarding the Principles and Procedures for the Tangible Assets ("TFRS 16")" for its buildings. Independent expert appraisal values determined by independent experts are presented in the financial statements.

Depreciation is calculated over the cost of property and equipment using the straight-line method. The depreciation rates are stated below:

| | |
|---|---|
| Buildings | 2% |
| Movables, Movables Acquired by Financial Leasing | 2-50% |

As of the balance sheet date, the depreciation charge for items remaining in property and equipment for less than an accounting period is calculated in proportion to the time period the item remained in property and equipment.

When the carrying amount of an asset is greater than its estimated "Recoverable amount", it is written down to its "Recoverable amount" and the provision for the diminution value is charged to the income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

## XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

The Group records its fixed assets obtained via leasing by taking into consideration the "lower of the fair value of the leased asset and the present value of the amount of cash consideration given for the leased asset".

Leased assets are included in the property and equipment and these assets are depreciated by taking their useful lives into consideration. If impairment is detected in the value of the leased asset, a "Provision for impairment" is recognized. Liabilities arising from leasing transactions are included in "Financial Lease Payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Group realizes financial leasing transactions as a "Lessor" by means of Burgan Finansal Kiralama A.Ş. which is the consolidated subsidiary of the Group.

With the "TFRS 16 Leases" standard, which became effective as of 1 January 2019, the difference between operating lease and financial lease has been removed, and lease transactions have started to be recognized under "Tangible Fixed Assets" as an asset (right to use asset) and under "Lease Payables" as a liability.

The Group has applied the changes in accounting policies due to the initial implementation of the "TFRS 16 Leases" standard, which is among the new standards, amendments and interpretations effective from 1 January 2019, in accordance with the transition obligations of the related standard.

On 5 June 2020, KGK made amendments to TFRS 16 "Leases" standard by publishing Concessions Granted in Lease Payments - "TFRS 16 Leases" in relation to COVID-19. With this change, lessee is exempted from the concessions granted to lessee due to COVID-19 in their lease payments, not to assess whether there is a change in the lease. The change in question did not have a significant impact on the financial status or performance of the Group.

**TFRS 16 "Leases" Standard**

**The Group – lessee:**

At the beginning of a contract, the Group assesses whether the contract has the quality of a lease or whether the contract includes a lease transaction. In circumstances when the contract transfers the right of controlling the asset for a certain time period for a certain price, this contract carries the quality of a lease or includes a leasing transaction. Group, reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

**Existence of right to use:**

The right to use asset is first recognized by the cost method and includes the following:

a) The initial measurement amount of the lease obligation,
b) The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
c) All initial direct costs incurred by the Bank

When the Group applies the cost method, the existence of the right to use:

a) accumulated depreciation and accumulated impairment losses are deducted and

b) measures the restatement of the lease obligation at the restated cost.

## EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

### XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued):

The Group applies the depreciation statutes included in the TAS 16 Tangible Assets standard while depreciating the right to use an asset.

**Lease Obligation:**

At the effective date of the lease, the Group measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Group's average borrowing interest rates in the case of this rate being easily determined. Otherwise, the Group uses its alternative borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Group measures the leasing liability as follows:

a) Increases the book value to reflect the interest on the lease obligation,

b) Reduces the book value to reflect the lease payments made and

c) The book value is measured to reflect reassessments and restructuring, or to reflect fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

### XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

Provisions and contingent liabilities except for the specific and general provisions recognized for loans and other receivables are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the "Matching principle". When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Group, it is considered that a "Contingent" liability exists and it is disclosed in the related notes to the financial statements.

### XVI. EXPLANATIONS ON CONTINGENT ASSETS:

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements in which the change occurs.

**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

## XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

The Group accounts obligations related to employee termination and vacation rights in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and classifies these items under the "Reserve for Employee Rights" account in the balance sheet.

Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Group arising from this liability.

According to the TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority with the Communiqué published in the Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Group, the recognition option of the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations in the statement of profit or loss have been eliminated, which is effective for annual periods beginning on or after 1 January 2013. The earlier application of the revision is permitted in the section of the transition and effective date of the standard and therefore the Group has recognised the actuarial gains and losses that occur in related reporting periods in the "Statement of Profit or Loss and Other Comprehensive Income" and presented in "Other Reserves" item in the Shareholders Equity section.

## XVIII. EXPLANATIONS ON TAXATION:

### a. Current tax:

Many clauses of Corporate Tax Law No. 5520 which are valid starting from 1 January 2006, was taken into effect after being published in the Official Gazette dated 21 June 2006 No. 26205. According to the New Tax Law, general corporate tax rate in Turkey is payable at the rate of 20%. But in accordance with the Temporary Article 10 and Article 32 paragraph 1 added to the Corporate Tax Law at 05 December 2017, the Corporate Tax rate which was 20% will be applied as 22% for corporate earnings for the taxation periods of 2018, 2019 and 2020. The corporate tax rate is calculated on the total income after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

In accordance with the Temporary Article 10 and Article 32 paragraph 1 added to the Corporate Tax Law at 5 December 2017, the Corporate Tax rate which was 20% applied as 22% for corporate earnings for the taxation periods of 2018, 2019 and 2020. In addition, as per the Article 11 of the Law No. 7316 on the Certain Amendments on the Law on the Collection of the Public Receivables and Certain Laws and and as per the temporary Article 13 of the Law No. 5520 on the "Corporate Tax Law" published in the Official Gazette dated 22 April 2021, the corporate tax rate of 20% will be applied as 25% for corporate income for the 2021 taxation period, and 23% for corporate income for the 2022 taxation period. In accordance with Article 14 of the same law on enforcement, the corporate tax rate change become valid on 22 April 2021, starting from the declarations that must be submitted as of 1 July 2021, and to be valid for the corporate earnings for the taxation period starting from 1 January 2021 (accounting period starting from 1 January 2021 for organizations with a special accounting period assigned).

**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

**XVIII. EXPLANATIONS ON TAXATION (Continued):**

**a. Current tax (Continued):**

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

With the President's Decision No. 4936 published in the Official Gazette dated 22 December 2021 and numbered 31697, the tax deduction rate to be made in the distribution of dividends within the scope of Article 94 of the Income Tax Law and Articles 15 and 30 of the Corporate Tax Law has been reduced from 15% to 10%.

Corporations are required to pay advance corporate tax quarterly on their corporate income with the current rate. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

75% portion of the capital gains derived from the sale of equity investments and immovable properties before 5 December 2017, the 50% portion of the capital gains derived from the sale of equity investments and immovable properties after 05 December 2017 are tax exempt, if such gains are added to paid-in capital or held in a special account under shareholder's equity for 5 years. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to 5 years. Losses cannot be carried back to offset profits from previous periods.

According to the Law No. 7352 Amending the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation adjustment in the legal books based on the Tax Procedure Law was postponed to 31 December 2023.

**b. Deferred tax:**

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") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

**XIX. EXPLANATIONS ON BORROWINGS:**

The Group's fund resources in essence consist of borrowing from foreign financial institutions, issued securities and money market debt.

Financial liabilities and derivative transactions are valued with their fair values and other financial liabilities are carried at "amortized cost" using the effective interest method in the following periods.

The Group utilizes various hedging techniques to minimize the currency, interest rate and liquidity risks of its financial liabilities. No convertible bonds have been issued by the Group.

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

## EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):

### XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

Transaction costs regarding the issuance of share certificates are accounted under shareholders' equity after eliminating the tax effects.

### XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:

Avalized drafts and acceptances shown as liabilities against assets are included in the "Off-balance sheet commitments".

### XXII. EXPLANATIONS ON GOVERNMENT GRANTS:

The Group's, in accordance with the Law No. 5746 on Supporting Research and Development Activities, total incentive received from TÜBİTAK until the balance sheet date is TL 6.500 (31 December 2020: TL 6.803).

### XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code ("TCC") the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

### XXIV. EXPLANATIONS ON EARNINGS PER SHARE:

Earnings per share disclosed in the income statement are calculated by dividing net profit/(loss) for the year to the weighted average number of shares outstanding during the period concerned.

| | 31 December 2021 | 31 December 2020 |
|---|---:|---:|
| Net Income/(Loss) to be Appropriated to Ordinary Shareholders | 304.815 | (267.414) |
| Weighted Average Number of Issued Ordinary Shares (Thousand) | 180.343.836 | 153.500.000 |
| **Earnings Per Ordinary Shares (Disclosed as 1.000 nominal in full TL)** | **1,690** | **(1,742)** |

Based on the Principal Agreement, the Parent Bank has 1.000.000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

In Turkey, companies can increase their share capital by making a pro-rata distribution of "Bonus shares" to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of "Bonus shares" issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. In case bonus shares are distributed after the balance sheet date but before the preparation of the financial statements, earnings per share is calculated considering the new number of shares.

**EXPLANATIONS ON ACCOUNTING POLICIES FOR THE RELEVANT PERIOD (Continued):**

## XXV. EXPLANATIONS ON RELATED PARTIES:

Parties defined in article 49 of the Banking Law No. 5411, Group's senior management, and Board Members are deemed as related parties. Transactions regarding related parties are presented in Note V. of Section Five.

## XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

For the purposes of the cash flow statement, "Cash" includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank, and "Cash equivalents" include interbank money market placements, time deposits at banks with original maturity periods of less than three months and investments on marketable securities other than common stocks.

## XXVII. EXPLANATIONS ON SEGMENT REPORTING:

Operational field is the distinguishable section of the Group that has different characteristics from other operational fields per earning and conducts the presentation of service group, associated bank products or a unique product. Operating segments are disclosed in Note X. in Section Four.

## XXVIII. RECLASSIFICATIONS:

In order to comply with the presentation of the consolidated financial statements as of 31 December 2021, the Bank has reclassified the 31 December 2020 consolidated balance sheet, cash flow statement and related notes. Collaterals given for derivative transactions with foreign banks, which were shown under the "Other Assets" item in the 31 December 2020 consolidated balance sheet, were classified under the "Banks" item in accordance with the amendments made within the scope of the Regulation on the Uniform Chart of Accounts effective from 1 January 2021.

## SECTION FOUR

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS

### 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 2020 Group's total consolidated capital has been calculated as TL 5.974.815 (31 December 2020: TL 3.711.535) and the consolidated Capital adequacy ratio is 20,88% (31 December 2020: 16,59%).

As of 31 December 2021, within the scope of BRSA's instructions dated 6 September 2021 and 21 December 2021; in the calculation of the amount subject to credit risk, in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (Capital Adequacy Regulation) published in the Official Gazette dated 23 October 2015 and numbered 29511; when calculating the amounts of monetary assets and non-monetary assets other than items in foreign currency measured at historical cost, valuated in accordance with Accounting Standards and related special provisions, the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date was used and in case the net valuation differences of the securities held by the Bank in the portfolio of "Securities at Fair Value Reflected in Other Comprehensive Income" as of 21 December 2021 Decision date are negative, it is possible to ignore these differences in the amount of equity to be calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette dated 05.09.2013 and numbered 28756 and to be used for the capital adequacy ratio.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

### a. Information about total capital:

| | Current Period 31 December 2021 | 1 Amounts related to treatment before 1/1/2014 (*) | Prior Period 31 December 2020 | Amounts related to treatment before 1/1/2014 (*) |
|---|---|---|---|---|
| **COMMON EQUITY TIER 1 CAPITAL** | | | | |
| Paid-in capital following all debts in terms of claim in liquidation of the Bank | 1.890.000 | | 1.535.000 | |
| Share issue premiums | - | | - | |
| Legal Reserves | 122.055 | | 397.443 | |
| Gains recognized in equity as per TAS | 258.775 | | 118.763 | |
| Profit | 304.815 | | - | |
| Current Period Profit | 304.815 | | - | |
| Prior Period Profit | - | | - | |
| Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period | - | | - | |
| **Common Equity Tier 1 Capital Before Deductions** | **2.575.645** | | **2.051.206** | |
| **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 | 9.954 | | 303.409 | |
| Improvement costs for operating leasing | 13.082 | | 16.100 | |
| Goodwill (net of related tax liability) | - | | - | |
| Other intangibles other than mortgage-servicing rights (net of related tax liability) | 53.782 | 53.782 | 44.349 | 44.349 |
| 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 | 185.523 | | 13.979 | |
| 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** | **262.341** | | **377.837** | |
| **Total Common Equity Tier 1 Capital** | **2.313.304** | | **1.673.369** | |

(*) In this section, the accounts that are liable to transition principles "the temporary articles of Regulation on Equities of Banks'' which will be considered at the end of the transition period are shown.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

### I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

| **ADDITIONAL TIER I CAPITAL** | **Current Period 31 December 2021** | **Amounts related to treatment before 1/1/2014 (*)** | **Prior Period 31 December 2020** | **Amounts related to treatment before 1/1/2014 (*)** |
|---|---|---|---|---|
| Preferred Stock not Included in Common Equity and the Related Share Premiums | - | | - | |
| Debt instruments and premiums approved by BRSA (*) | 666.450 | | 370.970 | |
| Debt instruments and premiums approved by BRSA (Temporary Article 4) | - | | - | |
| **Additional Tier I Capital before Deductions** | **666.450** | | **370.970** | |
| **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** | **666.450** | | **370.970** | |
| **Total Tier I Capital (Tier I Capital=Common Equity + Additional Tier I Capital)** | **2.979.754** | | **2.044.339** | |
| **TIER II CAPITAL** | | | | |
| Debt instruments and share issue premiums deemed suitable by the BRSA | 2.665.800 | | 1.409.686 | |
| Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4) | - | | - | |
| Provisions (Article 8 of the Regulation on the Equity of Banks) | 330.887 | | 257.536 | |
| **Tier II Capital Before Deductions** | **2.996.687** | | **1.667.222** | |
| **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. | 1.626 | | 26 | |
| 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** | **1.626** | | **26** | |
| **Total Tier II Capital** | **2.995.061** | | **1.667.196** | |
| **Total Capital (The sum of Tier I Capital and Tier II Capital)** | **5.974.815** | | **3.711.535** | |
| **Deductions from Total Capital** | | | | |
| Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law | - | | - | |
| Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years | - | | - | |
| Other items to be defined by the BRSA (-) | - | | - | |
| **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.)

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

### I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

| | Current Period 31 December 2021 | Amounts related to treatment before 1/1/2014 (*) | Önceki Dönem 31 December 2020 | Amounts related to treatment before 1/1/2014 (*) |
|---|---|---|---|---|
| **TOTAL CAPITAL** | | | | |
| **Total Capital (Tier I and Tier II Capital)** | **5.974.815** | | **3.711.535** | |
| Total risk weighted amounts | 28.616.684 | | 22.372.338 | |
| **Capital Adequacy Ratios** | | | | |
| Core Capital Adequacy Ratio (%) | 8,08 | | 7,48 | |
| Tier 1 Capital Adequacy Ratio (%) | 10,41 | | 9,14 | |
| Capital Adequacy Ratio (%) | 20,88 | | 16,59 | |
| **BUFFERS** | | | | |
| Total additional Tier I Capital requirement (a + b + c) | 2,512 | | 2,552 | |
| Capital conservation buffer requirement (%) | 2,500 | | 2,500 | |
| b. Bank specific counter-cyclical buffer requirement (%) | 0,012 | | 0,052 | |
| c. Systematically important bank buffer ratio (%) | - | | - | |
| 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 | 3,58 | | 2,98 | |
| | | | | |
| **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 | - | | - | |
| Amount arising from deferred tax assets based on temporary differences | - | | - | |
| Limits related to provisions considered in Tier II calculation | 634.681 | | 189.368 | |
| **Limits related to provisions considered in Tier II calculation** | | | | |
| General provisions for standard based receivables (before ten thousand twenty-five limitation) | 1.524.981 | | 841.201 | |
| Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used | 330.887 | | 257.536 | |
| 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 | - | | - | |
| 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 | - | | - | |
| Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4 | - | | - | |

(*) In this section, the accounts that are liable to the temporary articles of ''Regulation on Equities of Banks'' which will be considered at the end of the transition period are shown.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

### b. Information on instruments related to equity estimation:

| | | |
|---|---|---|
| Issuer – Loan grantor | Burgan Bank K.P.S.C. | Burgan Bank K.P.S.C. |
| Unique Identifier of the Debt Instrument | - | - |
| Governing Legislation of the Debt Instrument | BDDK | BDDK |
| Regulatory Treatmentin Equity Calculation | Tier II Capital | Tier II Capital |
| Assesment whether it is subject to being taken into consideration as 10% decreased as of 1/1/12015 | No | No |
| Validity status in a consolidated or unconsolidated basis or in a consolidated and unconsolidated basis | Unconsolidated - Consolidated | Unconsolidated – Consolidated |
| Instrument type | Subordinated Loan | Subordinated Loan |
| Amount recognized in equity calculation (As of most recent reporting date – Thousands TL) | 2.665.800 | 666.450 |
| Nominal value of debt instrument (USD) | 200.000 | 50.000 |
| The account number that the debt instrument is followed | Liability-Subordinated Loans-Amortized Cost | Liability-Subordinated Loans-Amortized Cost |
| Original date of issuance of the debt instrument | 16.08.2021 | 22.02.2021 |
| Maturity structure of the debt instrument (Perpetual/Dated) | Dated | Undated |
| Original maturity date of the debt instrument | 10 Years | - |
| Whether the issuer has a right to call subject to BRSA approval | Yes | Yes |
| Optional call date, contingent call options and redemption amount | After 5th year | After 5th year |
| Subsequent call dates of call options | After 5th year | After 5th year |
| Coupon/dividend payments | 3 Months | - |
| Fixed or floating dividend/coupon payments | Floating dividend | - |
| Coupon rate and any related index value | LIBOR+4,25 | - |
| Existence of a restriction whch can stop dividend payments | - | - |
| Being fully discretionary, partially discretionary or mandatory | - | - |
| Existence of an interest rate increase or other incentive to call | - | - |
| Being noncumulative or cumulative | Noncumulative | Noncumulative |
| Being convertible or non-convertible to stock | None | None |
| If convertible to a stock, conversion trigger(s) | - | - |
| If convertible to a stock, fully or partially | - | - |
| If convertible to a stock, conversion rate | - | - |
| If convertible to a stock, mandatory or optional conversion | - | - |
| If convertible to a stock, specify instrument type convertible into | - | - |
| If convertible to a stock, issuer of debt instrument it converts into | - | - |
| Value reduction feature | None | - |
| If it has a value reduction feature, write-down trigger(s) | - | If unsustainability occurs, a decrease in value can be realized. |
| If it has a value reduction feature, full or partial | - | Partially or completely depreciation can be realized. |
| If it has a value reduction feature, permanent or temporary | - | Constant |
| If temporary value reduction exists, description of value increase mechanism | - | - |
| Position in subordination hierarchy in liquidation (specify instrument type immediately senior to this instrument) | Before debt instruments to be included in Additional Tier I capital calculation but after the deposit holders and all other creditors of the Debtor. | After the right to claim of the holder, the deposit holders, other creditors and contribution capital calculation included borrowings of the Debtor. |
| Whether it is in compliance with the terms in articles 7 and 8 of the Communiqué on Bank's Equities | None. | None. |
| The terms it is not in compliance with in articles 7 and 8 of the Communiqué on Bank's Equities | None. | None. |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## I. EXPLANATIONS ON CONSOLIDATED EQUITY (Continued):

### c. Information related to the TFRS 9 transition process:

| | T | T-1 |
|---|---|---|
| **EQUITY ITEMS** | | |
| Common Equity Tier 1 Capital | 2.313.304 | 2.274.228 |
| Common Equity Tier 1 Capital Without the Implementation of the Transition Process | 2.274.228 | 2.274.228 |
| Tier 1 Capital | 2.979.754 | 2.940.678 |
| Tier 1 Capital Without the Implementation of the Transition Process | 2.940.678 | 2.940.678 |
| Equity | 5.974.815 | 5.935.739 |
| Equity Without the Implementation of the Transition Process | 5.935.739 | 5.935.739 |
| | | |
| **TOTAL RISK WEIGHTED AMOUNTS** | | |
| Total Risk Weighted Amounts | 28.616.684 | 28.616.684 |
| | | |
| **CAPITAL ADEQUACY RATIOS** | | |
| Common Equity Tier 1 Capital Adequacy Ratio (%) | 8,08 | 7,95 |
| Common Equity Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process | 7,95 | 7,95 |
| Tier 1 Capital Adequacy Ratio (%) | 10,41 | 10,28 |
| Tier 1 Capital Adequacy Ratio Without the Implementation of the Transition Process | 10,28 | 10,28 |
| Capital Adequacy Ratio (%) | 20,88 | 20,74 |
| Capital Adequacy Ratio Without the Implementation of the Transition Process | 20,74 | 20,74 |
| | | |
| **LEVERAGE RATIO** | | |
| Leverage Ratio Total Risk Amount | 47.165.970 | 47.165.970 |
| Leverage Ratio (%) | 6,05 | 6,23 |
| Leverage Ratio Without the Implementation of the Transition Process | 6,23 | 6,23 |

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK:

Credit risk represents the potential financial loss that the Parent Bank may incur as a result of defaults or non-fulfillment of the loan agreements obligations of counterparties.

In order to control and mitigate credit risk, the Parent Bank takes into consideration the payment capacity of the debtors, the confirmation of the fact that primary and secondary payment sources exist, the fact that provisions allocated for loans can cover expected credit losses, the fact that firms responsible for the valuation of collaterals are operating in accordance with competition rules, the fact that sectoral, geographical and regional concentration is avoided, the fact that the customer portfolio and loans provided are not diversified and credit risk is not common, the fact that information from all sources possible to evaluate or quantify the risks taken on a transaction or customer basis are collected the fact that the payment capacity of loans are monitored.

Credit rankings of borrowers that are present at loans and other accounts receivable accounts are monitored in accordance with the relevant legislation on a regular basis. Account status documents obtained for the issued credits are audited to make sure that the documents are meeting the requirements of the relevant legislation given that the cash transactions are exempted from this rule. As a result of regular monitoring of credit worthiness, credit limits have been changed when necessary. Loans and other receivables are collateralized considering the credit worthiness.

With respect to credit risk, debtor and debtor groups are subject to risk limitations envisaged in the Banking Law. There is no risk limitation in terms of geographical region while the sectoral concentration has been limited. Credit limits allocated are subject to revision at least once a year. The credit worthiness of the borrowers classified as "loans and other receivables under close monitoring" are revised at least twice a year due to Procedures and Principles regarding the regulation on classification of loans and provisions to be allocated for them. The loan limit is controlled by the main banking system and exceeding the specified limits is prohibited. When a revision becomes due, limits for which the loan worthiness has not been reviewed are suspended.

The Parent Bank's loan policy approved by the Board of Directors is reviewed a regular basis. In order to maintain the credit risk under control, there are additional limitations in the scope of Parent Bank credit policies apart from the Banking Law limitations. As defined in the document of credit policy, authorization of credit extension has been delegated to branches, the headquarters and the credit committee. Constraints on the use of these delegations.

- Collaterals, accepted as guarantees of loans issued, are clearly stated at credit policy.
- The Bank does not provide loans for arms manufacturers and traders, religious organizations, gambling companies, media companies, political organizations, sport clubs and companies operating in nuclear industry. Exceptions could be evaluated by the head office.
- Loans issued to the companies founded within last two years, real estate development companies and financial institutions as well as the investment projects, cash loan guarantees and refinancing loans are evaluated by headquarters and authorized upper management.
- Derivative products' limits cannot be allocated in Brach authorization. Foreign currency loans and counter party / external guarantees cannot be issued by branches.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

The loans that are overdue more than 90 days as of the end of the reporting date or the loans in which the Bank has decided that the debtor has lost its credibility are classified as impaired receivables and specific provision is allocated for these loans within TFRS 9. The general provision is allocated within TFRS 9 for the loans which are classified as second stage under "Procedures and Principles regarding the regulation on classification of loans and provisions to be allocated for them" and the loans that are overdue up to 90 days as of the end of the reporting date.

Total amount of exposures after offsetting transactions before applying credit risk mitigations and the average exposure amounts that are classified under different risk groups and types for the relevant period:

| **31 December 2021**<br>**Risk Group** | **Amount** | **Average** |
|---|---:|---:|
| Contingent and Non-Contingent Receivables from Central Governments or Central Banks | 6.530.474 | 4.485.435 |
| Contingent and Non-Contingent Receivables from Regional or Local Governments | 191.270 | 296.139 |
| Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises | - | 76 |
| Contingent and Non-Contingent Receivables from Multilateral Development Banks | 31.428 | 37.623 |
| Contingent and Non-Contingent Receivables from International Organizations | - | - |
| Contingent and Unconditional Receivables from Banks and Intermediary Institutions | 2.666.427 | 2.797.392 |
| Contingent and Non-Contingent Corporate Receivables | 21.926.144 | 17.600.622 |
| Contingent and Non-Contingent Retail Receivables | 267.072 | 224.158 |
| Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables | 5.329.230 | 5.175.805 |
| Past Due Loans | 1.515.537 | 1.491.658 |
| Higher Risk Categories Decided by The Board | - | - |
| Secured by Mortgages | - | - |
| Securitization Positions | - | - |
| Short-term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions | - | - |
| Undertakings for Collective Investments in Mutual Funds | - | - |
| Other Receivables | 2.472.904 | 2.104.046 |
| **Total** | **40.930.486** | **34.212.954** |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

| **31 December 2020**<br>**Risk Group** | **Amount** | **Average** |
|---|---|---|
| Contingent and Non-Contingent Receivables from Central Governments or Central Banks | 3.738.871 | 3.530.169 |
| Contingent and Non-Contingent Receivables from Regional or Local Governments | 348.950 | 260.933 |
| Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises | 113 | 89 |
| Contingent and Non-Contingent Receivables from Multilateral Development Banks | 24.172 | 11.156 |
| Contingent and Non-Contingent Receivables from International Organizations | - | - |
| Contingent and Unconditional Receivables from Banks and Intermediary Institutions | 1.892.928 | 2.255.111 |
| Contingent and Non-Contingent Corporate Receivables | 16.002.684 | 12.691.169 |
| Contingent and Non-Contingent Retail Receivables | 280.416 | 425.176 |
| Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables | 5.439.217 | 5.636.804 |
| Past Due Loans | 1.472.853 | 1.114.231 |
| Higher Risk Categories Decided by The Board | - | - |
| Secured by Mortgages | - | - |
| Securitization Positions | - | - |
| Short-term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions | - | - |
| Undertakings for Collective Investments in Mutual Funds | - | - |
| Other Receivables | 1.777.862 | 1.432.164 |
| **Total** | **30.978.066** | **27.357.002** |

The Parent Bank's derivative transactions are mainly composed of foreign exchange and interest rate swaps money and interest options and forward transactions. The credit risks of these products are managed by deducting them from the company's credit limit, which is specified only for these types of transactions, in proportion to the term of the transaction. Market risk is managed by the Treasury, Capital market and Financial Institutions Group.

Indemnified non-cash credits are subjected to the same risk weight as the credits which are past due date.

The Group does not perform any kind of banking activity abroad.

In the current period, the share of the Group receivables due to cash loans extended to its top 100 and top 200 customers are 75%, 83% (31 December 2020: 74 and 81%) within the total cash loan portfolio.

In the current period, the share of the Group receivables due to non-cash loans extended to its top 100 and top 200 customers are 52%, 71% (31 December 2020: 60% and 78) within the total non-cash loans portfolio.

In the current period, the share of the Group receivables due to the total of cash and non cash loans extended to its top 100 and top 200 customers are 70%, 80% (31 December 2020: 70% and 80%) within cash loans in balance sheet and non-cash loans in off-balance sheet.

The Group's allocated expected credit losses for loans amounts to TL 1.524.981 (31 December 2020: TL 841.201).

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

### a. Information on types of loans and specific provisions:

| 31 December 2021 | Corporate | Consumer | Credit Cards | Financial Leasing Receivables | Factoring Receivables | Total |
|---|---|---|---|---|---|---|
| Standard Loans | 18.604.567 | 223.697 | - | 2.137.212 | - | 20.965.476 |
| Loans under close monitoring | 5.336.431 | 14.326 | - | 1.272.114 | - | 6.622.871 |
| Non-performing loans | 1.902.598 | 17.268 | 87 | 656.560 | - | 2.576.513 |
| Specific provision (-) | 721.358 | 6.181 | 82 | 155.076 | - | 882.697 |
| **Total** | **25.122.238** | **249.110** | **5** | **3.910.810** | **-** | **29.282.163** |

| 31 December 2020 | Corporate | Consumer | Credit Cards | Financial Leasing Receivables | Factoring Receivables | Total |
|---|---|---|---|---|---|---|
| Standard Loans | 13.012.923 | 259.952 | - | 1.979.136 | - | 15.252.011 |
| Loans under close monitoring | 2.432.005 | 17.521 | - | 853.205 | - | 3.302.731 |
| Non-performing loans | 1.835.683 | 35.674 | 121 | 376.349 | - | 2.247.827 |
| Specific provision (-) | 650.966 | 18.592 | 106 | 76.443 | - | 746.107 |
| **Total** | **16.629.645** | **294.555** | **15** | **3.132.247** | **-** | **20.056.462** |

### b. Information on loans and receivables past due but not impaired:

| 31 December 2021 | Corporate | Consumer | Credit Cards | Financial Leasing Receivables | Factoring Receivables | Total |
|---|---|---|---|---|---|---|
| Past due 0-30 days | 5.250.692 | 17.429 | - | 1.224.704 | - | 6.492.825 |
| Past due 30-60 days | 80.324 | 7.493 | - | 24.139 | - | 111.956 |
| Past due 60-90 days (*) | 5.909 | 3.994 | - | 107.866 | - | 117.769 |
| **Total** | **5.336.925** | **28.916** | **-** | **1.356.709** | **-** | **6.722.550** |

| 31 December 2020 | Corporate | Consumer | Credit Cards | Financial Leasing Receivables | Factoring Receivables | Total |
|---|---|---|---|---|---|---|
| Past due 0-30 days | 2.170.095 | 23.051 | - | 696.375 | - | 2.889.521 |
| Past due 30-60 days | 105.482 | 10.796 | - | 39.407 | - | 155.685 |
| Past due 60-90 days | 204.852 | 9.789 | - | 117.423 | - | 332.064 |
| **Total** | **2.480.429** | **43.636** | **-** | **853.205** | **-** | **3.377.270** |

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

### c. Information on debt securities, treasury bills and other bills:

| 31 December 2021<br>Moody's Rating | Financial Assets at Fair Value through P/L (Net) | Financial Assets at Fair Value through Other Comprehensive Income (Net) | Other Financial Assets Measured at Amortized Cost (Net) | Total |
|---|---|---|---|---|
| B2 (*) | 2.388 | 659.505 | 1.023.468 | 1.685.361 |
| **Total** | **2.388** | **659.505** | **1.023.468** | **1.685.361** |

(*) This table contains only Turkish Republic government bank bonds, bank bonds and treasury bills which are rated by Moody's.

| 31 December 2020<br>Moody's Rating | Financial Assets at Fair Value through P/L (Net) | Financial Assets at Fair Value through Other Comprehensive Income (Net) | Other Financial Assets Measured at Amortized Cost (Net) | Total |
|---|---|---|---|---|
| B2 (*) | 32.784 | 399.340 | 510.403 | 942.527 |
| **Total** | **32.784** | **399.340** | **510.403** | **942.527** |

(*) This table contains only Turkish Republic government bank bonds, bank bonds and treasury bills which are rated by Moody's.

### d. Information on rating concentration:

The Group evaluates its credit risk based on an internal rating system and the corporate and commercial loans are classified from least probability of default to highest. The information about the concentration of cash and non-cash loans which are classified with the rating system is presented below.

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Above average (%) | 24,74 | 31,44 |
| Average (%) | 59,55 | 54,70 |
| Below average (%) | 14,96 | 12,64 |
| Not rated (%) | 0,75 | 1,22 |

### e. Fair value of collaterals (loans and advances to customers):

| 31 December 2021 | Corporate Loans | Consumer Loans | Credit Cards | Financial Leasing | Factoring Receivables | Total |
|---|---|---|---|---|---|---|
| Loans under close monitoring | 968.933 | 15.964 | - | 498.017 | - | 1.482.914 |
| Non-performing loans | 964.383 | 6.043 | - | 374.482 | - | 1.344.908 |
| **Total** | **1.933.316** | **22.007** | **-** | **872.499** | **-** | **2.827.822** |

| 31 December 2020 | Corporate Loans | Consumer Loans | Credit Cards | Financial Leasing | Factoring Receivables | Total |
|---|---|---|---|---|---|---|
| Loans under close monitoring | 545.286 | 8.372 | - | 338.948 | - | 892.606 |
| Non-performing loans | 265.854 | 73 | - | 235.372 | - | 501.299 |
| **Total** | **811.140** | **8.445** | **-** | **574.320** | **-** | **1.393.905** |

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

### f. Profile of significant exposures in major regions:

| **Type of Collaterals** | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Real-estate mortgage | 2.586.328 | 1.029.374 |
| Pledge | 5.698 | 90.187 |
| Cash and cash equivalents | 235.796 | 274.344 |
| **Total** | **2.827.822** | **1.393.905** |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

### f. Profile of significant exposures in major regions:

| | Exposure Categories (*) | | | | | | | | | | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** | **14** | **15** | **16** | **17** | |
| **Curren Period 31 December 2021** | | | | | | | | | | | | | | | | | | |
| Domestic | 6.940.156 | 77.816 | - | - | - | 734.719 | 19.436.201 | 222.069 | 5.252.906 | 1.438.041 | - | - | - | - | - | - | 2.472.904 | 36.574.812 |
| EU Countries | - | - | - | - | - | 389.981 | 40.034 | 4 | 7.621 | 466 | - | - | - | - | - | - | - | 438.106 |
| OECD Countries (**) | - | - | - | 31.428 | - | 1.472.629 | - | 2 | - | - | - | - | - | - | - | - | - | 1.504.059 |
| Off-Shore Banking Regions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| USA, Canada | - | - | - | - | - | 122.461 | - | - | - | - | - | - | - | - | - | - | - | 122.461 |
| Other Countries | - | - | - | - | - | 32.666 | 2.359 | 11 | 719 | - | - | - | - | - | - | - | - | 35.755 |
| Associates, Subsidiaries and Joint –Ventures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Unallocated Assets/Liabilities (***) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total** | **6.940.156** | **77.816** | **-** | **31.428** | **-** | **2.752.456** | **19.478.594** | **222.086** | **5.261.246** | **1.438.507** | **-** | **-** | **-** | **-** | **-** | **-** | **2.472.904** | **38.675.193** |

1. Contingent and non-contingent exposures to central governments or central banks
2. Contingent and non-contingent exposures to regional governments or local authorities
3. Contingent and non-contingent receivables from administrative units and non-commercial enterprises
4. Contingent and non-contingent exposures to multilateral development banks
5. Contingent and non-contingent exposures to international organisations
6. Contingent and non-contingent exposures to banks and brokerage houses
7. Contingent and non-contingent exposures to corporates
8. Contingent and non-contingent retail exposures
9. Contingent and non-contingent exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization Positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Stock Exchange
17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.
(**) Includes OECD countries other than EU countries, USA and Canada.
(***) Assets and liabilities that cannot be segmented on a consistent basis.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

### f. Profile of significant exposures in major regions (Continued):

| | Exposure Categories (*) | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | Total |
| **Prior Period 31 December 2020** | | | | | | | | | | | | | | | | | | |
| Domestic | 4.268.386 | 206.625 | 94 | - | - | 579.914 | 14.037.101 | 232.950 | 5.368.952 | 1.341.090 | - | - | - | - | - | - | 1.777.862 | 27.812.974 |
| EU Countries | - | - | - | - | - | 140.006 | 15 | 5 | 1 | - | - | - | - | - | - | - | - | 140.027 |
| OECD Countries (**) | - | - | - | 24.172 | - | 1.119.066 | - | 2 | - | - | - | - | - | - | - | - | - | 1.143.240 |
| Off-Shore Banking Regions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| USA, Canada | - | - | - | - | - | 63.862 | 16.489 | - | - | 818 | - | - | - | - | - | - | - | 81.169 |
| Other Countries | - | - | - | - | - | 13.192 | - | - | 441 | - | - | - | - | - | - | - | - | 13.633 |
| Associates, Subsidiaries and Joint –Ventures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Unallocated Assets/Liabilities (***) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total** | **4.268.386** | **206.625** | **94** | **24.172** | **-** | **1.916.040** | **14.053.605** | **232.957** | **5.369.394** | **1.341.908** | **-** | **-** | **-** | **-** | **-** | | **1.777.862** | **29.191.043** |

1. Contingent and non-contingent exposures to central governments or central banks
2. Contingent and non-contingent exposures to regional governments or local authorities
3. Contingent and non-contingent receivables from administrative units and non-commercial enterprises
4. Contingent and non-contingent exposures to multilateral development banks
5. Contingent and non-contingent exposures to international organisations
6. Contingent and non-contingent exposures to banks and brokerage houses
7. Contingent and non-contingent exposures to corporates
8. Contingent and non-contingent retail exposures
9. Contingent and non-contingent exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization Positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Stock Exchange
17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks.
(**) Includes OECD countries other than EU countries, USA and Canada.
(***) Assets and liabilities that cannot be segmented on a consistent basis.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

### g. Risk profile according to sectors and counterparties:

| | | Exposure Categories (*) | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **31 December 2021** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | TL | FC | Total |
| **Agriculture** | **-** | **-** | **-** | **-** | **-** | **-** | **321.021** | **93** | **6.520** | **7.345** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **186.938** | **148.041** | **334.979** |
| Farming and Stockbreeding | - | - | - | - | - | - | 303.978 | 85 | 3.950 | 7.342 | - | - | - | - | - | - | - | 167.949 | 147.406 | 315.355 |
| Forestry | - | - | - | - | - | - | 14.027 | 8 | - | 1 | - | - | - | - | - | - | - | 13.401 | 635 | 14.036 |
| Fishery | - | - | - | - | - | - | 3.016 | - | 2.570 | 2 | - | - | - | - | - | - | - | 5.588 | - | 5.588 |
| **Manufacturing** | **-** | **-** | **-** | **-** | **-** | **-** | **8.386.682** | **14.959** | **413.849** | **277.807** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **4.440.313** | **4.652.984** | **9.093.297** |
| Mining and Quarrying | - | - | - | - | - | - | 133.688 | 912 | 9.625 | 26.944 | - | - | - | - | - | - | - | 84.207 | 86.962 | 171.169 |
| Production | - | - | - | - | - | - | 6.239.331 | 13.839 | 281.951 | 250.372 | - | - | - | - | - | - | - | 3.647.623 | 3.137.870 | 6.785.493 |
| Electricity, Gas and Water | - | - | - | - | - | - | 2.013.663 | 208 | 122.273 | 491 | | - | - | - | - | - | - | 708.483 | 1.428.152 | 2.136.635 |
| **Construction** | **-** | **-** | **-** | **-** | **-** | **-** | **2.216.358** | **3.168** | **714.142** | **641.567** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **2.642.716** | **932.519** | **3.575.235** |
| **Services** | **-** | **-** | **-** | **31.428** | **-** | **2.752.456** | **8.327.834** | **8.707** | **4.087.982** | **477.622** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **5.965.629** | **9.720.400** | **15.686.029** |
| Wholesale and Retail Trade | - | - | - | 31.428 | - | - | 2.647.072 | 6.750 | 2.179.059 | 211.107 | - | - | - | - | - | - | - | 1.588.846 | 3.486.570 | 5.075.416 |
| Hotel, Food and Beverage services | - | - | - | - | - | - | 1.315.704 | 5 | 1.325.188 | 127.063 | - | - | - | - | - | - | - | 88.359 | 2.679.601 | 2.767.960 |
| Transportation and Telecom | - | - | - | - | - | - | 593.386 | 410 | 365.044 | 50.213 | - | - | - | - | - | - | - | 290.090 | 718.963 | 1.009.053 |
| Financial Institutions | - | - | - | - | - | 2.752.456 | 2.795.757 | 100 | 159.687 | 27 | - | - | - | - | - | - | - | 3.523.516 | 2.184.511 | 5.708.027 |
| Real Estate and Rental Services | - | - | - | - | - | - | 924.757 | 1.132 | 53.418 | 83.681 | - | - | - | - | - | - | - | 423.146 | 639.842 | 1.062.988 |
| Self-employment Services | - | - | - | - | - | - | 6.105 | 153 | 12 | 150 | - | - | - | - | - | - | - | 4.743 | 1.677 | 6.420 |
| Educational Services | - | - | - | - | - | - | 2.570 | 20 | - | 1.990 | - | - | - | - | - | - | - | 4.370 | 210 | 4.580 |
| Health and Social Services | - | - | - | - | - | - | 42.483 | 137 | 5.574 | 3.391 | - | - | - | - | - | - | - | 42.559 | 9.026 | 51.585 |
| **Other** | **6.940.156** | **77.816** | **-** | **-** | **-** | **-** | **226.699** | **195.159** | **38.753** | **34.166** | **-** | **-** | **-** | **-** | **-** | **-** | **2.472.904** | **4.200.816** | **5.784.837** | **9.985.653** |
| **Total** | **6.940.156** | **77.816** | **-** | **31.428** | **-** | **2.752.456** | **19.478.594** | **222.086** | **5.261.246** | **1.438.507** | **-** | **-** | **-** | **-** | **-** | **-** | **2.472.904** | **17.436.412** | **21.238.781** | **38.675.193** |

1. Contingent and non-contingent exposures to central governments or central banks
2. Contingent and non-contingent exposures to regional governments or local authorities
3. Contingent and non-contingent receivables from administrative units and non-commercial enterprises
4. Contingent and non-contingent exposures to multilateral development banks
5. Contingent and non-contingent exposures to international organisations
6. Contingent and non-contingent exposures to banks and brokerage houses
7. Contingent and non-contingent exposures to corporates
8. Contingent and non-contingent retail exposures
9. Contingent and non-contingent exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Stock exchange
17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Bank.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

### g. Risk profile according to sectors and counterparties (Continued):

| | Exposure Categories (*) | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **31 December 2020** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** | **14** | **15** | **16** | **17** | **TL** | **FC** | **Total** |
| **Agriculture** | **-** | **-** | **-** | **-** | **-** | **-** | **72.066** | **706** | **120.122** | **1.625** | **-** | **-** | **-** | **-** | **-** | | **-** | **32.514** | **162.005** | **194.519** |
| Farming and Stockbreeding | - | - | - | - | - | - | 56.459 | 546 | 117.831 | 193 | - | - | - | - | - | | - | 13.317 | 161.712 | 175.029 |
| Forestry | - | - | - | - | - | - | 14.870 | - | 2.291 | 1.216 | - | - | - | - | - | | - | 18.310 | 67 | 18.377 |
| Fishery | - | - | - | - | - | - | 737 | 160 | - | 216 | - | - | - | - | - | | - | 887 | 226 | 1.113 |
| **Manufacturing** | **-** | **-** | **-** | **-** | **-** | **-** | **4.181.491** | **18.154** | **921.567** | **332.547** | **-** | **-** | **-** | **-** | **-** | | **-** | **1.715.669** | **3.738.090** | **5.453.759** |
| Mining and Quarrying | - | - | - | - | - | - | 443.632 | 665 | 995 | 32.974 | - | - | - | - | - | | - | 227.254 | 251.012 | 478.266 |
| Production | - | - | - | - | - | - | 3.244.932 | 17.467 | 900.932 | 289.987 | - | - | - | - | - | | - | 1.467.635 | 2.985.683 | 4.453.318 |
| Electricity, Gas and Water | - | - | - | - | - | - | 492.927 | 22 | 19.640 | 9.586 | | - | - | - | - | | - | 20.780 | 501.395 | 522.175 |
| **Construction** | **-** | **-** | **-** | **-** | **-** | **-** | **1.827.082** | **2.821** | **1.256.988** | **339.421** | **-** | **-** | **-** | **-** | **-** | | **-** | **908.652** | **2.517.660** | **3.426.312** |
| **Services** | **-** | **-** | **19** | **24.172** | **-** | **1.916.040** | **7.076.400** | **11.477** | **2.214.967** | **595.509** | **-** | **-** | **-** | **-** | **-** | | **-** | **4.305.062** | **7.533.522** | **11.838.584** |
| Wholesale and Retail Trade | - | - | 19 | - | - | - | 3.539.850 | 8.555 | 657.626 | 109.985 | - | - | - | - | - | | - | 1.272.000 | 3.044.035 | 4.316.035 |
| Hotel, Food and Beverage services | - | - | - | - | - | - | 794.046 | 143 | 513.872 | 31.925 | - | - | - | - | - | | - | 44.596 | 1.295.390 | 1.339.986 |
| Transportation and Telecom | - | - | - | - | - | - | 448.496 | 1.035 | 312.281 | 84.186 | - | - | - | - | - | | - | 242.281 | 603.717 | 845.998 |
| Financial Institutions | - | - | - | 24.172 | - | 1.916.040 | 1.095.684 | 1.110 | 496.590 | 164.877 | - | - | - | - | - | | - | 2.021.490 | 1.676.983 | 3.698.473 |
| Real Estate and Rental Services | - | - | - | - | - | - | 805.279 | 589 | 190.968 | 44.116 | - | - | - | - | - | | - | 158.933 | 882.019 | 1.040.952 |
| Self-employment Services | - | - | - | - | - | - | 2.088 | 2 | 89 | 84 | - | - | - | - | - | | - | 2.209 | 54 | 2.263 |
| Educational Services | - | - | - | - | - | - | 339.450 | 22 | 18.741 | 149.200 | - | - | - | - | - | | - | 507.413 | - | 507.413 |
| Health and Social Services | - | - | - | - | - | - | 51.507 | 21 | 24.800 | 11.136 | - | - | - | - | - | | - | 56.140 | 31.324 | 87.464 |
| **Other** | **4.268.386** | **206.625** | **75** | **-** | **-** | **-** | **896.566** | **199.799** | **855.750** | **72.806** | **-** | **-** | **-** | **-** | **-** | | **1.777.862** | **3.484.498** | **4.793.371** | **8.277.869** |
| **Total** | **4.268.386** | **206.625** | **94** | **24.172** | **-** | **1.916.040** | **14.053.605** | **232.957** | **5.369.394** | **1.341.908** | **-** | **-** | **-** | **-** | **-** | | **1.777.862** | **10.446.395** | **18.744.648** | **29.191.043** |

1. Contingent and non-contingent exposures to central governments or central banks
2. Contingent and non-contingent exposures to regional governments or local authorities
3. Contingent and non-contingent receivables from administrative units and non-commercial enterprises
4. Contingent and non-contingent exposures to multilateral development banks
5. Contingent and non-contingent exposures to international organisations
6. Contingent and non-contingent exposures to banks and brokerage houses
7. Contingent and non-contingent exposures to corporates
8. Contingent and non-contingent retail exposures
9. Contingent and non-contingent exposures secured by real estate property
10. Past due receivables
11. Receivables defined in high risk category by BRSA
12. Exposures in the form of bonds secured by mortgages
13. Securitization positions
14. Short term exposures to banks, brokerage houses and corporates
15. Exposures in the form of collective investment undertakings
16. Stock exchange
17. Other receivables

(*) Includes exposure categories in the Communiqué on Measurement and Assessment of Capital Adequacy of Bank.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

### h. Analysis of maturity-bearing exposures according to remaining maturities:

| 31 December 2021 | Term To Maturity | | | | |
|---|---|---|---|---|---|
| **Risk classifications** | **1 Month** | **1-3 Months** | **3-6 Months** | **6-2 Months** | **More than 1 year** |
| Contingent and Non-Contingent Receivables from Central Governments or Central Banks | 396.517 | 341.443 | 37.909 | 254.927 | 1.354.022 |
| Contingent and Non-Contingent Receivables from Regional or Local Governments | - | - | - | 7.563 | 70.252 |
| Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises | - | - | - | - | - |
| Contingent and Non-Contingent Receivables from Multilateral Development Banks | 31.428 | - | - | - | - |
| Contingent and Non-Contingent Receivables from International Organizations | - | - | - | - | - |
| Contingent and Unconditional Receivables from Banks and Intermediary Institutions | 1.175.768 | 356.103 | 333.802 | 38.706 | 634.968 |
| Contingent and Non-Contingent Corporate Receivables | 6.805.568 | 841.421 | 1.412.717 | 4.457.235 | 5.961.653 |
| Contingent and Non-Contingent Retail Receivables | 17.379 | 6.473 | 15.441 | 64.076 | 118.716 |
| Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables | 146.857 | 103.370 | 163.980 | 137.880 | 4.709.158 |
| Past Due Loans | - | - | - | - | - |
| Higher Risk Categories Decided by the Board | - | - | - | - | - |
| Secured by Mortgages | - | - | - | - | - |
| Securitization Positions | - | - | - | - | - |
| Short-Term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions | - | - | - | - | - |
| Undertakings for Collective Investments in Mutual Funds | - | - | - | - | - |
| Other Receivables | - | - | - | - | 15.618 |
| **Total** | **8.573.517** | **1.648.810** | **1.963.849** | **4.960.387** | **12.864.387** |

| 31 December 2020 | Term To Maturity | | | | |
|---|---|---|---|---|---|
| **Risk classifications** | **1 Month** | **1-3 Months** | **3-6 Months** | **6-2 Months** | **More than 1 year** |
| Contingent and Non-Contingent Receivables from Central Governments or Central Banks | 89.422 | 152.884 | 17.552 | 80.071 | 1.110.529 |
| Contingent and Non-Contingent Receivables from Regional or Local Governments | - | - | - | 191.498 | 157.452 |
| Contingent and Non-Contingent Receivables from Administrative Units and Non-Commercial Enterprises | 75 | - | - | - | 19 |
| Contingent and Non-Contingent Receivables from Multilateral Development Banks | - | - | - | - | 24.172 |
| Contingent and Non-Contingent Receivables from International Organizations | - | - | - | - | - |
| Contingent and Unconditional Receivables from Banks and Intermediary Institutions | 304.834 | 320.720 | 172.069 | 202.273 | 727.825 |
| Contingent and Non-Contingent Corporate Receivables | 2.612.171 | 1.355.037 | 958.938 | 1.446.226 | 7.646.658 |
| Contingent and Non-Contingent Retail Receivables | 2.900 | 8.422 | 12.646 | 48.950 | 160.041 |
| Contingent and Non-Contingent Real Estate Mortgage-Secured Receivables | 97.171 | 102.002 | 213.311 | 324.428 | 4.632.480 |
| Past Due Loans | - | - | - | - | - |
| Higher Risk Categories Decided by the Board | - | - | - | - | - |
| Secured by Mortgages | - | - | - | - | - |
| Securitization Positions | - | - | - | - | - |
| Short-Term Claims and Short-Term Corporate Claims on Banks and Intermediary Institutions | - | - | - | - | - |
| Undertakings for Collective Investments in Mutual Funds | - | - | - | - | - |
| Other Receivables | - | - | - | - | - |
| **Total** | **3.106.573** | **1.939.065** | **1.374.516** | **2.293.446** | **14.459.176** |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

### i. Information about the risk exposure categories:

In the standard approach calculations, the Group uses Fitch Credit Rating Institution ratings when determining the risk weights of risk classes in accordance with the "Communiqué on Measurement and Assessment of Capital Adequacy of Banks".

Fitch Credit Rating Institution ratings are taken into consideration when evaluating the entire class of receivables from central governments or central banks and receivable portfolios from financial institutions. Fitch Ratings are not taken into consideration for other risk classes.

The Fitch Rating assigned to a debtor is valid for all of the debtor's assets, no exception is made for a specific category of assets.

A Credit Rating Institution which is not included in the institution's mapping table is not taken into consideration in the credit risk amount calculation process.

### j. Exposures by risk weights:

| **31 December 2021**<br>**Risk Weights** | **0%** | **20%** | **35%** | **50%** | **75%** | **100%** | **150%** | **Deductions from Equity** |
|---|---|---|---|---|---|---|---|---|
| **1.Exposures before Credit Risk Mitigation** | 6.855.894 | 2.334.220 | 471.656 | 4.962.933 | 112.275 | 23.775.535 | 162.679 | 1.626 |
| **2. Exposures after Credit Risks Mitigation** | 7.903.495 | 2.418.369 | 468.474 | 4.732.393 | 108.850 | 22.899.187 | 144.424 | 1.626 |

(*) The Group mitigates the credit risk using the simple financial collateral methods.

| **31 December 2020**<br>**Risk Weights** | **0%** | **20%** | **35%** | **50%** | **75%** | **100%** | **150%** | **Deductions from Equity** |
|---|---|---|---|---|---|---|---|---|
| **1.Exposures before Credit Risk Mitigation** | 4.127.578 | 1.296.916 | 508.677 | 4.949.834 | 232.558 | 17.931.745 | 143.735 | 26 |
| **2. Exposures after Credit Risks Mitigation** | 4.889.222 | 1.488.760 | 497.335 | 4.583.194 | 223.400 | 17.426.907 | 82.225 | 26 |

(*) The Group mitigates the credit risk using the simple financial collateral methods.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

### k. Informations in terms of major sectors and type of counterparties:

| 31 December 2021 | Loans | | Provisions | |
|---|---|---|---|---|
| **Major Sectors / Counterparties** | **Significant Increase of Credit Risk (Stage 2)** | **Default (Stage 3)** | **Expected Credit Loss Provision (TFRS 9-Stage 2)** | **Expected Credit Loss Provision (TFRS 9-Stage 3)** |
| **Agriculture** | **-** | **7.972** | **-** | **612** |
| Farming and Stockbreeding | - | 7.963 | - | 606 |
| Forestry | - | 2 | - | 1 |
| Fishery | - | 7 | - | 5 |
| **Manufacturing** | **937.358** | **451.200** | **155.294** | **147.377** |
| Mining and Quarrying | 7.151 | 29.317 | 257 | 2.234 |
| Production | 930.207 | 420.634 | 155.037 | 144.385 |
| Electricity, Gas and Water | - | 1.249 | - | 758 |
| **Construction** | **197.168** | **990.002** | **59.007** | **293.951** |
| **Services** | **5.412.650** | **1.010.773** | **1.233.679** | **402.254** |
| Wholesale and Retail Trade | 3.377.000 | 342.134 | 560.317 | 102.993 |
| Accommodation and Dining | 1.923.819 | 335.091 | 656.936 | 106.959 |
| Transportation and Telecom | 32.616 | 75.279 | 13.649 | 24.748 |
| Financial Institutions | 2.485 | 402 | 12 | 375 |
| Real Estate and Rental Services | 68.000 | 243.269 | 707 | 159.941 |
| Professional Services | - | 153 | - | 3 |
| Educational Services | 2.335 | 4.593 | 1.167 | 2.603 |
| Health and Social Services | 6.395 | 9.852 | 891 | 4.632 |
| **Other** | **75.695** | **116.566** | **1.335** | **38.503** |
| **Total** | **6.622.871** | **2.576.513** | **1.449.315** | **882.697** |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## II. EXPLANATIONS ON CONSOLIDATED CREDIT RISK (Continued):

### k. Informations in terms of major sectors and type of counterparties (Continued):

| 31 December 2020 | Loans | | Provisions | |
|---|---|---|---|---|
| Major Sectors / Counterparties | Significant Increase of Credit Risk (Stage 2) | Default (Stage 3) | Expected Credit Loss Provision (TFRS 9-Stage 2) | Expected Credit Loss Provision (TFRS 9-Stage 3) |
| **Agriculture** | **528.375** | **1.423** | **195.469** | **102** |
| Farming and Stockbreeding | 525.932 | 144 | 195.425 | 97 |
| Forestry | 2.443 | 1.279 | 44 | 5 |
| Fishery | - | - | - | - |
| **Manufacturing** | **197.522** | **450.736** | **15.492** | **169.244** |
| Mining and Quarrying | 7.355 | 39.983 | 174 | 19.709 |
| Production | 190.167 | 406.973 | 15.318 | 149.247 |
| Electricity, Gas and Water | - | 3.780 | - | 288 |
| **Construction** | **682.216** | **331.111** | **124.302** | **69.584** |
| **Services** | **1.913.046** | **1.218.161** | **380.246** | **432.531** |
| Wholesale and Retail Trade | 805.212 | 168.298 | 143.822 | 68.633 |
| Accommodation and Dining | 281.782 | 46.252 | 85.027 | 12.805 |
| Transportation and Telecom | 324.748 | 729.337 | 34.099 | 290.939 |
| Financial Institutions | 84.247 | 188.595 | 256 | 29.113 |
| Real Estate and Rental Services | 215.519 | 35.876 | 9.953 | 10.968 |
| Professional Services | 40 | 6 | - | 4 |
| Educational Services | 191.415 | 41.294 | 106.999 | 16.407 |
| Health and Social Services | 10.083 | 8.503 | 90 | 3.662 |
| **Other** | **56.111** | **246.396** | **1.025** | **74.646** |
| **Total** | **3.377.270** | **2.247.827** | **716.534** | **746.107** |

### l. Information about Value Adjustment and Change in Provisions:

| 31 December 2021 | Opening Balance | Provision for Period | Write off from Asset (*) | Other Adjustments (**) | Closing Balance |
|---|---|---|---|---|---|
| **1. Specific Provisions (**)** | 755.476 | 197.070 | (54.274) | 4.438 | 902.710 |
| **2. General Provisions** | 841.202 | 196.480 | (29.920) | 517.219 | 1.524.981 |
| **TOTAL** | **1.596.678** | **393.550** | **(84.194)** | **521.657** | **2.427.691** |

(*) Includes specific provisions allocated for uncompensated non-cash loans, cheque-book allowances and free provisions which the Bank has classified as non-performing loans.
(**) The Other Adjustments column consists of asset sales and exchange rate differences of provisions in foreign currencies.

| 31 December 2020 | Opening Balance | Provision for Period | Write off from Asset (*) | Other Adjustments (**) | Closing Balance |
|---|---|---|---|---|---|
| **1. Specific Provisions (**)** | 335.225 | 410.464 | - | 9.788 | 755.477 |
| **2. General Provisions** | 585.476 | 71.726 | - | 183.999 | 841.201 |
| **TOTAL** | **920.701** | **482.190** | **-** | **193.787** | **1.596.678** |

(*) Includes specific provisions allocated for uncompensated non-cash loans, cheque-book allowances and free provisions which the Bank has classified as non-performing loans.
(**) The Other Adjustments column consists of asset sales and exchange rate differences of provisions in foreign currencies.

### m. Risks Included in Cyclical Capital Buffer Calculation:

None.

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT:

### Risk Management Approach and Risk Weighted Amounts

**a. Risk Management Approach of the Group:**

**1. The way risk profile of the Group is determined by business model and its interaction and risk appetite:**

The Group prepares its business strategy and medium and long term plans including medium and long term growth objectives and makes an annual revision through reviewing. The Group reviews its business strategy and plans annually in a periodic manner and aforementioned business strategies are reviewed ad hoc and more frequently and can be revised if it is required by economic developments and market conditions. Risk appetite of the Group is designated in full compliance with its business strategy and main risks, which shall be taken due to main components of main activity area and business strategy of the Group, comprise main inputs of risk appetite determined by Board of Directors.

**2. Risk management structure: Responsibilities assigned within the body of the Group:**

Board of Directors is responsible for developing a risk appetite in compliance with business strategy of the Bank and establishing a risk management system in line with risk appetite. Board of Directors carries out activities such as definition, monitoring, reporting of the risk and developing risk mitigating measures through Audit Committee, Board of Directors Risk Committee, Risk Coordination Committee, Assets and Liabilities Committee (ALCO) and Risk Management Group, Internal Control Centre, Directorate of Supervisory Board and Compliance Departments.

Audit Committee controls whether provisions included in legislation related risk management and intra-group and implementation procedures approved by the Board of Directors are applied or not and makes recommendations to board of directors regarding measures which should be taken. It also evaluates whether there are method, instrument and implementations procedures required for identification, measurement, monitoring and controlling of Group's risks or not.

Board of Directors Risk Committee is responsible for the development of risk management systems in line with business strategy and risk appetite of the Group, presentation of amendment recommendations related to risk management policies to Board of Directors and establishment of required method, instrument and implementation procedures in order to ensure identification, measurement, monitoring and reporting of risks by non-executive independent departments.

ALCO is responsible to monitor and manage structural asset-liability non-compliance of the Parent Bank together with the monitoring and controlling of liquidity and exchange risks through holding meetings on a weekly basis.

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

**III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):**

Risk Management Department, which carries out its activities independent from executive functions, consist of Credit Risk and Modelling Department operating under Credit and Market Risk Department, Market Risk Department and Operation Risk Department. Credit Risk and Modelling Department is responsible for defining, measuring, monitoring and reporting of outputs with respect to risks exposed by the Parent Bank and its partners which are subject to consolidation and sharing of solution recommendations for risk mitigation with related departments. Credit risk appetite limits, which are approved by Board of Directors, are monitored in specific periods and results are reported to Board of Directors and Senior Management. The department gives support to credit risk analysis through stress tests, reverse stress tests and scenario analysis. The department is also responsible for monitoring the results of internal rating systems and TFRS 9 models, conducting validation and calibration works.

Market Risk Department is responsible for defining, measuring, monitoring and reporting of outputs with respect to risks exposed by the Parent Bank and its partners which are subject to consolidation. The department is also responsible to monitor and report limits specified related to treasury risk parameters and liquidity risk. Limit-risk follow-up regarding counterparty credit risk, stress tests and scenario analysis are also under the responsibility of the department in question.

Operation Risk Department carries out definition, measurement, evaluation, controlling, mitigation, monitoring and reporting activities of operational risks. Internal Audit is responsible for the evaluation of operational risk management framework with its all aspects in an independent manner. The aforementioned evaluation includes both activities of business units and also activities of Operation Risk Management.

Internal Control Center carries out activities at secondary control level in order to monitor and report risks and develop measures reducing risks with executive departments. Directorate of Supervisory Board carries out required intra-company audits in order to reduce risks exposed by the Parent Bank to a minimum level.

Compliance Department carries out the function to monitor legislative amendments and validity and effective date of regulations and timely informing of related parties with respect to aforementioned issues. Regulations, which are directly or indirectly related to risks exposed by Parent Bank are shared with both executive and non-executive departments such as Risk Management Group.

**3. Channels which are used to extend and apply risk culture in the Group:**

Risk Management application is developed on Intranet platform for the purpose of increasing awareness of employees in order to extend risk culture within the body of the Group. Through this application, trainings and documents increasing awareness are shared with employees. Online trainings, related to risk management developed in order to raise awareness of employees, are shared with employees via remote training platform. Risk point of views of employees are supported through in-class trainings, if required.

Information on risk position of the Group, expected and unexpected loss estimations, impacts of negative conditions on balance sheet of the Group and realization levels of risk appetite limits determined by Board of Directors is share with Board of Directors, related committees and senior management by Risk Management Group through reports issued. If there exists an overflow on the risk appetite limits, related departments are informed in order to ensure taking of pre-determined measures and results are monitored by Risk Management Group.

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

**III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):**

**4. Main components and scope of risk measurement systems:**

Rating is used for corporate and commercial clients while score card and decision tree are used for retail loans in the Group in order to measure loan risk. Internal rating systems are designated in the framework of business strategy, risk appetite, regulations of authorities with respect to rating systems and internal policies and their performances are periodically monitored by Risk Management Group and results are reported to Board of Directors and senior management. On the other hand, validations and calibrations of rating models are carried out / coordinated by Credit Risk and Modelling Department. The Group has information systems enabling reporting according to sector, segment, branch, currency, maturity, internal rating grade and risk class of credit portfolio. Risk appetite limits determined in the Loan Risk Policy are monitored on a monthly basis and the results are reported to Board of Directors and senior management.

The Group determines internal limits which are revised in the framework of business model, strategy and risk appetite of the Group reviewed at least on an annual basis for exchange rate, interest, counterparty and liquidity risk which may be exposed. All limits are approved by Board of Directors and monitored in an effective manner by Board of Directors.

Basic Indicator Approach is used in order to determine capital requirement required for operational risk in accordance with legislations of BRSA. The Group registers operational risk situations in the operational risk database and performs risk control self-evaluation studies in order to raise awareness in operational risks, determine current operational risks and reduce possible negative impacts of such risks to minimum.

**5. Disclosures on risk reporting processes provided to Board of Directors and senior management:**

Risk Management Group reports results of analysis related to risks such as credit, liquidity and operational to Board of Directors, Audit Committee, Board of Directors Risk Committee, Risk Coordination Committee, ALCO and senior management. Reporting is made to Risk Coordination Committee and Board of Directors on a monthly basis while it is made to Audit Committee and Board of Directors Risk Committee on a quarterly basis.

Results of concentration and credit risk stress test based on sector, segment, maturity, collateral, currency, internal rating grade of credit; structural interest rate risk sourcing from banking accounts, details related to derivatives, liquidity analysis, stress tests made related to counterparty credit risk, deposit concentration, realizations related to risk appetite limits of market and liquidity; historical developments of operational risks based on loss categories and their distribution based on Parent Bank and subsidiaries are included in aforementioned reports.

**6. Disclosures on Stress Test:**

The Group makes stress tests for risk categories of credit, market, liquidity and operational risk both in scope of Internal Capital Adequacy Assessment Process (ICAAP) and also as periodical internal and results are shared with Board of Directors, senior management and audit authority, if required.

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

**III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):**

The Group considers scenarios announced by BRSA and pre-determined negative and extremely negative scenarios for stress tests made in scope of ICAAP. Scenarios are determined through taking macro-economic variables, business strategy and risk appetite of the Group and negative past conditions into account. In scope of ICAAP, both particular and also total stress tests are made based on significant risk types.

Internal periodic stress tests are made in the framework of scenarios determined internally in accordance with portfolio, business strategy, risk appetite and retrospective estimations of the Group. The Group prepares its internal periodic stress tests through benefiting from sensitivity analysis, stress test, reverse stress test and scenarios analysis instruments. Credit risk stress tests include scenarios such as depreciation of Turkish Lira, increase in overdue receivables and decrease in the value of real estate. On the other hand, reverse stress tests towards risk appetite limits through scenario analysis related to concentration index are periodically made.

Impact of each shocks on profitability and capital is measured in stress tests made in scope of Market Risk. Risk factors, for which a shock is applied, are exchange rates, interests and prices of shares. Foreign exchange position gain/loss sourcing from sudden exchange and interest movements, banking activities, impact of Interbank transactions and Commercial Funding on capital, bond, derivative and share portfolio gain/loss are calculated in stress tests.

Impact of exchange, volatility and interest shocks on derivative portfolio specific for customer is reviewed in scope of Counterparty Credit Risk stress tests and results are discussed in related committees.

In scope of operational risk tests, loss estimation is made through statistical methods via taking historical loss data into account and its effect on capital requirement is reviewed.

**7. Risk management, hedging and mitigation strategies and process of the group sourcing from its business model and Monitoring processes of continuing effects of protection and mitigation**

The Group includes collaterals in Communique on Credit Risk Mitigation Techniques to credit risk mitigation with respect to capital requirements calculations and those collaterals are used in calculations over their consideration rates in the aforementioned communique. The operational conditions mentioned in the related Communique should be met in order to be able to include collaterals in credit risk mitigation.

Determination of actions towards mitigation through evaluating risks exposed in current processes, key risk indicators and loss events, use of support services and pre-evaluation studies of implementation procedures and policies of new products are carried out in order to mitigate risk which are exposed or shall be exposed in operational risk management. Insurances towards risk mitigation are made. Risk mitigation exposed due to a cut-off is aimed to be reduced through Business Continuity Plan approved by Board of Directors ensuring the continuity of operations in reasonable periods. In this scope, Business Continuity Plan is periodically tested and required updates are made.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### b. Overview of risk weighted amounts

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué have to be presented on a quarterly basis, due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented as of the date 31 December 2021:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

| | | Risk Weighted Amounts | | Minimum Capital Liability |
|---|---|---|---|---|
| | | **Current Period** | **Prior Period** | **Current Period** |
| | | **31 December 2021** | **31 December 2020** | **31 December 2021** |
| 1 | Credit risk (excluding counterparty credit risk) (CCR) | 25.739.586 | 20.039.447 | 2.059.167 |
| 2 | Standardised approach (SA) | 25.739.586 | 20.039.447 | 2.059.167 |
| 3 | Internal rating-based (IRB) approach | - | - | - |
| 4 | Counterparty credit risk | 731.365 | 563.444 | 58.509 |
| 5 | Standardised approach for counterparty credit risk (SA-CCR) | 731.365 | 563.444 | 58.509 |
| 6 | Internal Model method (IMM) | - | - | - |
| 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 (RBA) | - | - | - |
| 14 | IRB supervisory formula approach (SFA) | - | - | - |
| 15 | SA/simplified supervisory Formula Approach (SSFA) | - | - | - |
| 16 | Market risk | 464.105 | 276.989 | 37.128 |
| 17 | Standardised approach (SA) | 464.105 | 276.989 | 37.128 |
| 18 | Internal model approaches (IMM) | - | - | - |
| 19 | Operational risk | 1.681.628 | 1.492.458 | 134.530 |
| 20 | Basic indicator approach | 1.681.628 | 1.492.458 | 134.530 |
| 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 Adjustments | - | - | - |
| **25** | **Total (1+4+7+8+9+10+11+12+16+19+23+24)** | **28.616.684** | **22.372.338** | **2.289.334** |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### c. Relationships between financial statements and risk amounts

### 1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation:

| | | | Carrying values of items in accordance with TAS | | | | |
|---|---|---|---|---|---|---|---|
| **31 December 2021** | **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 Securitisation framework** | **Subject to market risk** | **Not subject to capital requirements or subject to deduction from capital** |
| **Assets** | | | | | | | |
| Cash and balances with the Central Bank (net) | 6.391.851 | 6.391.851 | 4.481.009 | - | - | - | - |
| Financial Assets at Fair Value Through Profit or Loss (net) | 1.295.297 | 1.295.297 | - | 1.160.303 | - | 179.496 | 1.626 |
| Financial Assets at Fair Value Through Profit or Loss (net) | - | - | - | - | - | - | - |
| Banks (net) | 556.370 | 556.370 | 450.329 | - | - | - | - |
| Money Market Placements (net) | 42.500 | 42.500 | 42.500 | 42.500 | - | - | - |
| Financial Assets at Fair Value Through Other Comprehensive Income (net) | 684.150 | 684.150 | 684.149 | 1.295 | - | - | - |
| Loans and Receivables (net) | 24.019.354 | 24.019.354 | 21.107.658 | - | - | - | - |
| Factoring Receivables (net) | - | - | - | - | - | - | - |
| Other Financial Assets measured at Amortized Cost (net) | 1.023.468 | 1.023.468 | 1.023.468 | 273.313 | - | - | - |
| Investment in Associates (net) | - | - | - | - | - | - | - |
| Investment in Subsidiaries (net) | - | - | - | - | - | - | - |
| Investment in Joint ventures (net) | - | - | - | - | - | - | - |
| Lease Receivables | 3.750.252 | 3.750.252 | 2.812.423 | - | - | - | - |
| Derivative Financial Assets Held For Hedging (net) | 1.693.717 | 1.693.717 | - | 1.693.717 | - | - | - |
| Property And Equipment (net) | 815.278 | 815.278 | 802.196 | - | - | - | 13.082 |
| Intangible Assets (net) | 53.411 | 53.411 | - | - | - | - | 53.411 |
| Investment Property (net) | - | - | - | - | - | - | - |
| Tax Asset (net) | 27.597 | 27.597 | 10.605 | - | - | - | - |
| Assets Held For Resale And Related To Discontinued Operations (net) | 1.039.012 | 1.039.012 | 1.039.012 | - | - | - | - |
| Other Assets | 579.524 | 579.524 | 396.889 | - | - | - | - |
| **Total assets** | **41.971.781** | **41.971.781** | **32.850.238** | **3.171.128** | **-** | **179.496** | **68.119** |
| **Liabilities** | | | | | | | |
| Deposits | 24.363.175 | 24.363.175 | - | - | - | - | 24.363.175 |
| Derivative Financial Liabilities Held for Trading | 469.677 | 469.677 | - | 464.898 | - | 127.157 | 4.779 |
| Funds Borrowed | 8.269.255 | 8.269.255 | - | - | - | - | 8.269.255 |
| Money Markets | 272.768 | 272.768 | - | 272.768 | - | - | - |
| Marketable Securities Issued | - | - | - | - | - | - | - |
| Funds | - | - | - | - | - | - | - |
| Miscellaneous Payables | 1.967.568 | 1.967.568 | - | - | - | - | 1.967.568 |
| Other Liabilities | 284.543 | 284.543 | - | - | - | - | 284.543 |
| Factoring Payables | - | - | - | - | - | - | - |
| Lease Payables | 76.060 | 76.060 | - | - | - | - | 76.060 |
| Derivative Financial Liabilities Held For Hedging | 118.110 | 118.110 | - | - | - | - | 118.110 |
| Provisions | 255.030 | 255.030 | - | - | - | - | 255.030 |
| Tax Liability | 73.973 | 73.973 | - | - | - | - | 73.973 |
| Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net) | - | - | - | - | - | - | - |
| Subordinated Loans | 3.347.213 | 3.347.213 | - | - | - | - | 3.347.213 |
| Shareholder's Equity | 2.474.409 | 2.474.409 | - | - | - | - | 2.474.409 |
| **Total Liabilities** | **41.971.781** | **41.971.781** | **-** | **737.666** | **-** | **127.157** | **41.234.115** |

(*) On the table above, amounts of allocated TFRS 9 loss provisions in the current period are presented by netting in the related balance sheet entries.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### c. Relationships between financial statements and risk amounts

### 1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation:

| | | | Carrying values of items in accordance with TAS | | | | |
|---|---|---|---|---|---|---|---|
| **31 December 2020** | **Carrying values in financial statements prepared as per TAS** | **Carrying values of items in accordance with TAS** | **Subject to credit risk** | **Carrying values in financial statements prepared as per TAS** | **Carrying values of items in accordance with TAS** | **Subject to credit risk** | **Carrying values in financial statements prepared as per TAS** |
| **Assets** | | | | | | | |
| Cash and balances with the Central Bank (net) | 3.270.581 | 3.270.581 | 3.046.360 | - | - | - | - |
| Financial Assets at Fair Value Through Profit or Loss (net) | 368.519 | 368.519 | - | 285.662 | - | 184.987 | 26 |
| Financial Assets at Fair Value Through Profit or Loss (net) | - | - | - | - | - | - | - |
| Banks (net) | 153.855 | 153.855 | 145.637 | - | - | - | - |
| Money Market Placements (net) | 131.550 | 131.550 | - | 131.550 | - | - | - |
| Financial Assets at Fair Value Through Other Comprehensive Income (net) | 416.910 | 416.910 | 416.910 | 3.711 | - | - | - |
| Loans and Receivables (net) | 16.264.001 | 16.264.001 | 15.917.972 | - | - | - | - |
| Factoring Receivables (net) | - | - | - | - | - | - | - |
| Other Financial Assets measured at Amortized Cost (net) | 510.403 | 510.403 | 510.403 | 304.621 | - | - | - |
| Investment in Associates (net) | - | - | - | - | - | - | - |
| Investment in Subsidiaries (net) | - | - | - | - | - | - | - |
| Investment in Joint ventures (net) | - | - | - | - | - | - | - |
| Lease Receivables | 3.011.266 | 3.011.266 | 2.812.299 | - | - | - | - |
| Derivative Financial Assets Held For Hedging (net) | 490.425 | 490.425 | - | 490.425 | - | - | - |
| Property And Equipment (net) | 573.200 | 573.200 | 557.100 | - | - | - | 16.100 |
| Intangible Assets (net) | 43.623 | 43.623 | - | - | - | - | 43.623 |
| Investment Property (net) | - | - | - | - | - | - | - |
| Tax Asset | 146.133 | 146.133 | 146.133 | - | - | - | - |
| Assets Held For Resale And Related To Discontinued Operations (net) | 613.988 | 613.988 | 613.988 | - | - | - | - |
| Other Assets | 482.575 | 482.575 | 472.106 | - | - | - | - |
| **Total assets** | **26.477.029** | **26.477.029** | **24.638.908** | **1.215.969** | **-** | **184.987** | **59.749** |
| **Liabilities** | | | | | - | | |
| Deposits | 13.847.448 | 13.847.448 | - | - | - | - | 13.847.448 |
| Derivative Financial Liabilities Held for Trading | 400.583 | 400.583 | - | 398.519 | - | 128.522 | 2.064 |
| Funds Borrowed | 6.658.852 | 6.658.852 | - | - | - | - | 6.658.852 |
| Money Markets | 273.523 | 273.523 | - | 273.523 | - | - | - |
| Marketable Securities Issued | - | - | - | - | - | - | - |
| Funds | - | - | - | - | - | - | - |
| Miscellaneous Payables | 642.329 | 642.329 | - | - | - | - | 642.329 |
| Other Liabilities | 182.393 | 182.393 | - | - | - | - | 182.393 |
| Factoring Payables | - | - | - | - | - | - | - |
| Lease Payables | 77.102 | 77.102 | - | - | - | - | 77.102 |
| Derivative Financial Liabilities Held For Hedging | 94.972 | 94.972 | - | - | - | - | 94.972 |
| Provisions | 343.786 | 343.786 | - | - | - | - | 343.786 |
| Tax Liability | 57.463 | 57.463 | - | - | - | - | 57.463 |
| Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net) | - | - | - | - | - | - | - |
| Subordinated Loans | 2.228.521 | 2.228.521 | - | - | - | - | 2.228.521 |
| Shareholder's Equity | 1.670.057 | 1.670.057 | - | - | - | - | 1.670.057 |
| **Total Liabilities** | **26.477.029** | **26.477.029** | **-** | **672.042** | **-** | **128.522** | **25.804.987** |

(*) On the table above, amounts of allocated TFRS 9 loss provisions in the current period are presented in the related balance sheet.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### 2. Main sources of differences between Amounts valued in accordance with TAS and Risk Exposures

| | 31 December 2021 | Total | Subject to Credit Risk | Subject to the Securitisation | Subject to Counterparty Credit Risk | Subject to Market Risk |
|---|---|---|---|---|---|---|
| 1 | Asset carrying value amount under scope of regulatory consolidation | **36.200.862** | 32.850.238 | - | 3.171.128 | 179.496 |
| 2 | Liabilities carrying value amount under regulatory scope of consolidation | **(864.823)** | - | - | (737.666) | (127.157) |
| 3 | Total net amount under regulatory scope of consolidation | **35.336.039** | 32.850.238 | - | 2.433.462 | 52.339 |
| 4 | Off-Balance Sheet Amounts | **5.741.740** | 5.741.740 | - | - | - |
| 5 | Differences in valuations | - | - | - | - | - |
| 6 | Differences due to different netting rules, other than those already included in row 2 | - | - | - | - | - |
| 7 | Differences due to consideration of provisions | - | - | - | - | - |
| 8 | Differences Resulted from the BRSA's Applications | **(1.938.482)** | (2.143.929 ) | - | (206.319) | 411.766 |
| 9 | Differences due to credit risk reduction | - | - | - | - | - |
| 10 | Risk Amounts | **39.139.297** | 36.448.049 | - | 2.227.143 | 464.105 |

| | 31 December 2020 | Total | Subject to Credit Risk | Subject to the Securitisation | Subject to Counterparty Credit Risk | Subject to Market Risk |
|---|---|---|---|---|---|---|
| 1 | Asset carrying value amount under scope of regulatory consolidation | **26.039.864** | 24.638.908 | - | 1.215.969 | 184.987 |
| 2 | Liabilities carrying value amount under regulatory scope of consolidation | **(800.564)** | - | - | (672.042) | (128.522) |
| 3 | Total net amount under regulatory scope of consolidation | **25.239.300** | 24.638.908 | - | 543.927 | 56.465 |
| 4 | Off-Balance Sheet Amounts | **5.097.710** | 5.097.710 | - | - | - |
| 5 | Differences in valuations | - | - | - | - | - |
| 6 | Differences due to different netting rules, other than those already included in row 2 | - | - | - | - | - |
| 7 | Differences due to consideration of provisions | - | - | - | - | - |
| 8 | Differences Resulted from the BRSA's Applications | **(868.978)** | (1.774.157) | - | 684.655 | 220.524 |
| 9 | Differences due to credit risk reduction | - | - | - | - | - |
| 10 | Risk Amounts | **29.468.032** | **27.962.461** | **-** | **1.228.582** | **276.989** |

### 3. Disclosures on Differences between Amounts valued in accordance with TAS and Risk Exposures

There exists no difference between accounting and legal consolidation scopes of the Group. Significant differences between amounts valued in accordance with TAS and Risk exposures source from securities and derivatives. Securities mentioned in repo transaction in financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are designated in Money Markets Debts item. For derivative transactions, the Group has foreign exchange swap and interest swap products which are monitored under trading accounts and made for structural interest rate risk and liquidity risk management. Therefore, those products should not be considered in scope of market risk although they are monitored under trading accounts in accordance with TAS.

Valuation methodologies, including disclosure on using of market value and model value methodologies, performs valuation of financial assets of the Parent Bank tracked under trading accounts on a daily basis. Market prices, obtained from independent data providers, are kept in treasury system and valuations are made systemically.

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

**III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):**

Market values of products such as forward exchange, foreign exchange swaps and interest swaps traded in over the counter markets are calculated based on discounting of cash flows over market interest rates. Globally accepted valuation methodologies are used for option products.

The Parent Bank uses weighted average prices for securities trades in BIST for Turkish Lira securities portfolio while it uses prices in nature of indicator announced by Central Bank for securities not traded on BIST. Market average prices, obtained from independent data providers, are used for foreign currency securities.

Description of independent price approval processes: The Parent Bank obtains market prices, which shall be used in valuation, from independent data providers and manages through checkpoints established independent from risk generating unit/departments. Valuation prices are determined through collection of data in treasury system for risk factors exposed at a pre-determined hour in each day. The aforementioned data is formed following an inquiry executed by Information Technologies without the interruption of any users. Prices, which shall be used in valuations, are controlled by Market Risk Department on a daily basis.

Besides, Market Risk Department methodologically controls, and documents yield curves, valuation methods and accuracy of fair value calculations periodically.

Processes for valuations adjustments or differences: The Group does not make valuation adjustment since financial assets recognized at fair value are traded on an active market.

**d. Credit Risk Disclosures**

**1. General Qualitative Information on Credit Risk**

**i. Conversion of Bank's business model to components of credit risk profile**

The Group 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. The Group especially uses stress test and scenario analysis in order to measure effects of negative conditions on the Group's portfolio and business strategy and risk appetite to the Group is considered while determining parameters for respective analysis.

**ii. Criteria and approach used during the determination of credit risk policy and credit risk limits**

The Group determines short, medium and long term credit strategies in line with business strategy and risk appetite and performs studies in line with criteria details in policies of credit policies and credit risk policies in order to minimize expected and unexpected losses exposed due to credit operations. Credit policies determines procedures related to crediting, monitoring, collection and administrative and legal proceedings based on prudent man and applicability principles. Besides, general framework of credit risk studies made in order to execute credit risk in an efficient manner which is requested by legal authorities.

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

**III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):**

**ii. Criteria and approach used during the determination of credit risk policy and credit risk limits (continued)**

Therefore, Credit Risk Policy, forming top level framework of credit risk studies of the Group, and credit risk limits detailed in this document are determined based on legal requirements, business strategy of the Group, credit strategy, risk appetite and credit policies and reviewed at least annually and updated, if required. Business strategy, risk appetite and retrospective portfolio realizations are taken into consideration while determining credit risk limits. On the other hand, methods such as stress test and reverse stress test are used during the determination of limit levels.

**iii. 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. In this context, first level of controls are detailed in credit policies and implementation principles. Internal rating systems are benefited as well as credit allocation processes in order to measure creditability of customers.

Credit risk studies in scope of capital adequacy are carried out by Credit Risk and Modelling Department within the body of Risk Management Group in the framework of Credit Risk Policy. Credit Risk Policy include activities related to credit risk management, credit risk management organization, related parties and their responsibilities and duties, main principles, implementations, limits and reporting determine in credit risk management.

Duties and responsibilities of Risk Management Group Credit Risk and Modelling Department with respect to credit risk management are as follows:

- To make principal amount calculations subject to legal credit risk in the framework of determined rules by related regulations of BRSA and to monitor up-to-dateness of application used in this scope,
- To report results of analysis related to risk definition, measurement, analysis, monitoring and portfolio subject to in/off balance sheet credit risks to senior management in scope of Credit Risk Policy approved by Board of Directors and related application principles,
- To support development of rating/score card models for corporate, commercial and retail credits, to monitor their performances and to participate/coordinate their validation studies,
- To perform credit risk stress test, reverse stress test and scenario analysis determined through related regulations of BRSA and approved by Board of Directors and to share respective results with Risk Coordination Committee, senior management, Audit Committee, Board of Directors Risk Committee and Board of Directors,
- To make probability of default (PD), loss given default (LGD) and residual risk calculations based on internal rating models and share opinion and recommendations for the establishment of infra-structure for aforementioned calculations,

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

**III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):**

- To analyse credits portfolio through applying stress test, reverse stress test and scenario analysis, if required, for credit risk management,
- To monitor, report risk appetite limits determined in Credit Risk Policy periodically and share opinion and recommendations in revision of risk appetite limits,
- To share recommendations developed for stress test and scenario analysis in order to be presented to Board of Directors, with Risk Coordination Committee and Risk Committee.
- To monitor the performance of TFRS 9 models, to perform and/or to coordinate model revision, validation and calibration works.

**iv. Relation between credit risk management, risk control, legal compliance and internal audit functions**

Three lines control mechanism is established in order manage credit risk and to reduce expected and unexpected losses to a minimum level at the Group. The first line of controls are performed by executive units and include controls in entering into credit relation with customers having high level of creditability, credit allocation, crediting, repayment and monitoring phases. The second line of controls include activities performed by Risk Management Group and Internal Control Departmant and consist of definition, measurement, monitoring, reporting of risks and development of measures which shall reduce credit risk with executive departments. The third line of controls are performed by Supervisory Board. Directorate of Supervisory Board carries out required intra-company audits in order to reduce risks exposed by the Bank to a minimum level.

Compliance Department carries out the function to monitor legislative amendments and validity and effective date of regulations and timely informing of related parties with respect to aforementioned issues. Regulations, which are directly or indirectly related to risks exposed by Bank are shared with both executive and non-executive departments such as Risk Management Group.

Internal Audit function is executed by Directorate of Supervisory Board at the Bank. In this context, evaluations with respect to credit risk are carried out by Directorate of Supervisory Board through taking risks exposed by the Parent Bank and related controls into account in the framework of annual audit plans. Assurance is provided on effectiveness and sufficiency of internal control and risk management strategies related to credit risk activity field executed towards strategies and objectives of the Group through credit risk management in scope of headquarters unit and process audits and branch audits including participation of Directorate of Supervisory Board.

Managers of Risk Management Group, Internal Control Centre, Compliance Department and Directorate of Supervisory Board inform members of Committee through holding Risk Coordination Committee on a monthly basis and Audit Committee and Board of Directors Risk Committee meetings held on quarterly basis. Issues determined in the framework of second and third level of controls are examined in meetings for credit risk management and risk mitigation measures are reviewed. Those departments report to Board of Directors through Audit Committee and Board of Directors Risk Committee.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### v. Disclosures regarding risk reporting processes provided to members of Board of Directors and senior management

Credit risk exposed by the Group is monitored periodically by Risk Management Group Credit Risk and Modelling Departments and results are shared with senior managers of ALCO, credit marketing and allocation on a weekly basis, with Board of Directors and Risk Coordination Committee on a monthly basis and with Board of Directors Risk Committee on a quarterly basis. The scope and main content of aforementioned reports consist of sector, segment, risk classes, internal rating grades, collateral concentration of credit portfolio; close monitoring and legal proceedings portfolios, ageing analysis, probability of default estimations calculated based on rating and scoring systems, foreign currency and maturity concentrations, capital adequacy, periodical comparisons and result of stress test and scenarios analysis.

### 2. Credit quality of assets

| | 31 December 2021 | The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation | | Allowances/ depreciation and impairments | Net values |
|---|---|---|---|---|---|
| | | Defaulted exposures | Non-defaulted exposures | | |
| 1 | Loans | 2.576.513 | 27.588.347 | 2.395.241 | 27.769.619 |
| 2 | Debt Securities | - | 1.817.967 | 13 | 1.817.954 |
| 3 | Off-balance sheet exposures | 44.716 | 7.504.343 | 30.902 | 7.518.157 |
| **4** | **Total** | **2.621.229** | **36.910.657** | **2.426.156** | **37.105.730** |

| | 31 December 2020 | The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation | | Allowances/ depreciation and impairments | Net values |
|---|---|---|---|---|---|
| | | Defaulted exposures | Non-defaulted exposures | | |
| 1 | Loans | 2.247.827 | 18.554.742 | 1.528.267 | 19.274.302 |
| 2 | Debt Securities | - | 992.600 | 4 | 992.596 |
| 3 | Off-balance sheet exposures | 29.057 | 5.578.062 | 68.408 | 5.538.711 |
| **4** | **Total** | **2.276.884** | **25.125.404** | **1.596.679** | **25.805.609** |

### 3. Changes in stock of defaulted loans and debt securities

| | 31 December 2021 | |
|---|---|---|
| 1 | **Defaulted loans and debt securities at the end of the previous reporting period** | **2.276.884** |
| 2 | Loans and debt securities that have defaulted since the last reporting period | 839.952 |
| 3 | Returned to non-defaulted status | - |
| 4 | Amounts written off (-) | (32.892) |
| 5 | Other changes | (462.715) |
| **6** | **Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)** | **2.621.229** |

| | 31 December 2020 | |
|---|---|---|
| 1 | **Defaulted loans and debt securities at the end of the previous reporting period** | **1.220.396** |
| 2 | Loans and debt securities that have defaulted since the last reporting period | 1.460.992 |
| 3 | Returned to non-defaulted status | - |
| 4 | Amounts written off (-) | - |
| 5 | Other changes | (404.504) |
| **6** | **Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)** | **2.276.884** |

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

**III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):**

**4. Additional disclosures related to credit quality of assets:**

**i. Scope and descriptions of "overdue" receivables and "provisioned" receivables which are used for accounting and differences between descriptions of "overdue" and "provisioned", if available.**

Receivables having a delay of more than 90 days are defined as "overdue receivables". There is no difference between "overdue receivable" and "provisioned" definitions since whole overdue receivables are subject to the calculation of provision.

**ii. Part of overdue receivables (more than 90 days) which are not evaluated as "provisioned" and reasons for this application:**

None.

**iii. Descriptions of methods used while determining provision amounts:**

As of 1 January 2018, in accordance with the Communiqué related to "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans" published in the Official Gazette no. 29750 dated 22 June 2016, the Group has started to allocate a loss allowance for expected credit losses on financial assets and loans measured at amortized cost in accordance with TFRS 9. In this context, as of 31 December 2017, the credit loss allowance method within the framework of the BRSA's related legislation has been changed to the loss allowance for expected credit losses model with the implementation of TFRS 9. The predictions of expected credit loss forecasts include credible information, which is objective, probability-weighted, supportable about past events, current conditions, and forecasts of future economic conditions.

**iv. Descriptions of restructured receivables:**

Loans and other receivables can be restructured, through providing additional loan, if required, or linked to a repayment schedule in order to provide collection of receivable of the bank and provide liquidity capacity to debtor if the non-fulfillment of liabilities related to credits and other receivables is sourcing from temporary liquidity deficiency in accordance with principles of the regulation.

**v. Breakdown of receivables according to geographical regions, sector and residual maturity:**

Separation of receivables according to geographical area (cash and non-cash loans, leasing receivables and non-performing loans):

| | | **31 December 2021** | **31 December 2020** |
|---|---|---|---|
| **1** | Domestic | 34.089.513 | 24.228.780 |
| **2** | European Union Countries | 602.765 | 124.609 |
| **3** | OECD Countries (*) | 69.906 | 59.343 |
| **4** | Off-shore Banking Regions | - | - |
| **5** | USA, Canada | 3.832 | 20.082 |
| **6** | Other Countries | 50.153 | 14.220 |
| **7** | Associates, Subsidiaries and Jointly Controlled Entities | - | - |
| **8** | Unallocated Assets / Liabilities | - | - |
| **9** | **Total** | **34.816.169** | **24.447.034** |

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

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

### III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

Breakdown of receivables by sector (Cash and non-cash loans and non-performing loans):

| | | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| 1 | **Agriculture** | **511.929** | **374.991** |
| 2 | Farming and Stockbreeding | 488.326 | 368.684 |
| 3 | Forestry | 18.050 | 5.309 |
| 4 | Fishery | 5.553 | 998 |
| 5 | **Manufacturing** | **12.541.661** | **6.908.347** |
| 6 | Mining and Quarrying | 218.166 | 134.069 |
| 7 | Production | 9.481.943 | 5.068.116 |
| 8 | Electricity, Gas and Water | 2.841.552 | 1.706.162 |
| 9 | **Construction** | **4.133.483** | **4.513.610** |
| 10 | **Services** | **16.754.328** | **11.321.507** |
| 11 | Wholesale and Retail Trade | 6.436.879 | 4.346.829 |
| 12 | Accommodation and Dining | 3.476.676 | 2.084.380 |
| 13 | Transportation and Telecom | 1.352.929 | 810.972 |
| 14 | Financial Institutions | 3.973.707 | 2.770.753 |
| 15 | Real Estate and Rental Services | 1.447.000 | 1.180.466 |
| 16 | Professional Services | 7.802 | 8.694 |
| 17 | Educational Services | 3.483 | 40.139 |
| 18 | Health and Social Services | 55.852 | 79.274 |
| 19 | **Other** | **874.768** | **1.328.579** |
| 20 | **Total** | **34.816.169** | **24.447.034** |

Separate receivables according to remaining demand (cash and non-cash loans and non-performing loans):

| | 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Undistributable | Total |
|---|---|---|---|---|---|---|---|
| **31 December 2021** | | | | | | | |
| Cash and Non-cash loans | 9.625.538 | 6.104.291 | 5.409.583 | 7.492.645 | 4.490.296 | 1.693.816 | **34.816.169** |
| **31 December 2020** | | | | | | | |
| Cash and Non-cash loans | 6.155.975 | 3.451.530 | 4.451.248 | 6.347.807 | 2.538.231 | 1.502.243 | **24.447.034** |

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### vi. Amounts of receivables provisioned based on geographical regions and sector and amount written-off from assets through related provisions (Continued):

Geographical and sectoral breakdowns of impaired and overdue receivables and provisions made for those receivables and value adjustments are in the below table and all amounts included are domestic.

| | | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|---|
| | | Non Performing Loans | Special Provisions | Non Performing Loans | Special Provisions |
| **1** | **Agriculture** | **7.972** | **612** | **1.423** | **102** |
| 2 | Farming and Stockbreeding | 7.963 | 606 | 144 | 97 |
| 3 | Forestry | 2 | 1 | 1.279 | 5 |
| 4 | Fishery | 7 | 5 | - | - |
| **5** | **Manufacturing** | **451.200** | **147.377** | **450.736** | **169.244** |
| 6 | Mining and Quarrying | 29.317 | 2.234 | 39.983 | 19.709 |
| 7 | Production | 420.634 | 144.385 | 406.973 | 149.247 |
| 8 | Electricity, Gas and Water | 1.249 | 758 | 3.780 | 288 |
| **9** | **Construction** | **990.002** | **293.951** | **331.111** | **69.584** |
| **10** | **Services** | **1.010.773** | **402.254** | **1.218.161** | **432.531** |
| 11 | Wholesale and Retail Trade | 342.134 | 102.993 | 168.298 | 68.633 |
| 12 | Accommodation and Dining | 335.091 | 106.959 | 46.252 | 12.805 |
| 13 | Transportation and Telecom | 75.279 | 24.748 | 729.337 | 290.939 |
| 14 | Financial Institutions | 402 | 375 | 188.595 | 29.113 |
| 15 | Real Estate and Rental Services | 243.269 | 159.941 | 35.876 | 10.968 |
| 16 | Professional Services | 153 | 3 | 6 | 4 |
| 17 | Educational Services | 4.593 | 2.603 | 41.294 | 16.407 |
| 18 | Health and Social Services | 9.852 | 4.632 | 8.503 | 3.662 |
| **19** | **Other** | **116.566** | **38.503** | **246.396** | **74.646** |
| **20** | **Total** | **2.576.513** | **882.697** | **2.247.827** | **746.107** |

Total provision amount of non-performing loans written off from 2021 assets is TL 32.892 and their sectoral breakdown is as follows: (2020: None)

| | Written-off from accounts | Written-off from assets |
|---|---|---|
| **Agriculture** | **-** | **-** |
| Farming and Stockbreeding | - | - |
| Forestry | - | - |
| Fishery | - | - |
| **Manufacturing** | **-** | **-** |
| Mining and Quarrying | - | - |
| Production | - | - |
| Electricity, Gas and Water | - | - |
| **Construction** | **-** | **-** |
| **Services** | **-** | **15.431** |
| Wholesale and Retail Trade | - | **15.431** |
| Accommodation and Dining | - | - |
| Transportation and Telecom | - | - |
| Financial Institutions | - | - |
| Real Estate and Rental Services | - | - |
| Professional Services | - | - |
| Educational Services | - | - |
| Health and Social Services | - | - |
| **Other** | **17.461** | - |
| **Total** | **17.461** | **15.431** |

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### vii. Aging analysis for overdue receivables.

Aging analysis for overdue receivables are included in Section IV Part II.b.

### viii. Breakdown of restructured receivables based on being provisioned or not.

Specific and general provision are allocated for restructured receivables and free provision is allocated for miscellaneous risks, if required, in accordance with TFRS 9 and the Communiqué Related to Principles and Procedures on Classification of Loans and the Provisions to be allocated for These Loans" and there is no situation in which no provision is made.

### e. Credit Risk Mitigation

### 1. Qualitative disclosure on credit risk mitigation techniques

Collaterals obtained as guarantees of credits are secondary repayment sources of credits. Therefore, it should be considered that market values of assets and commitments, obtained as collaterals, are measureable and whether they have a second hand market or not. Collaterals accepted by Groups are listed in Corporate Credit Policy and its annexes.

Collaterals, which should be received as a guarantee for each credits and credit collateral ratio with respect to those collaterals are determined during the allocation of credits. Related approval authority is authorized to determine a credit collateral ratio for each customer and credit. If assets traded on markets having higher level of volatility are received as collaterals, whether the currency of the loan to be extended and the currency of the asset traded in the market are different, a prudential credit collateral rate is determined through considering maturity of the credit and price volatility of the asset.

Short term fluctuations in fair value of assets are not considered in evaluation of collaterals. Regular reviews of collaterals such as property and cheque whose change of value and translation to cash ability cannot be monitored simultaneously are made. Market value of properties received as collateral are reviewed in accordance with rules determined by BRSA and internal rules determined in related policies.

Insuring of collaterals against possible losses is preferred, when possible.

In collateralized credit transactions, if it is established as a result of revaluations tests made on collaterals that there exist an impairment and therefore the collaterals received remained under credit collateral ratio, additional collateral should be received.

Establishment of Type of collateral guarantor in a versatility preventing concentration on collateral providers and geography, is one of the main principles.

The Group considers collaterals in its calculations for principal amount subject to credit risk in accordance with rules mentioned in Communique on Measurement and Evaluation of Bank's Capital Adequacy and its annexes and Communique on Risk Mitigation Techniques.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### 2. Credit risk mitigation techniques

| | 31 December 2021 | Exposures unsecured: carrying amount as per TAS | Exposures secured by collateral | Collateralized amount of exposures secured by collateral | Exposures secured by financial guarantees | Collateralized amount of exposures secured by financial guarantees | Exposures secured by credit derivatives | Collateralized amount of exposures secured by credit derivatives |
|---|---|---|---|---|---|---|---|---|
| 1 | Loans | 27.462.513 | 6.577.929 | 4.419.237 | - | - | - | - |
| 2 | Debt Securities | 1.817.954 | - | - | - | - | - | - |
| 3 | **Total** | **29.280.467** | **6.577.929** | **4.419.237** | **-** | - | - | - |
| 4 | Of which defaulted | 1.718.518 | 97.767 | 92.220 | - | - | - | - |

| | 31 December 2020 | Exposures unsecured: carrying amount as per TAS | Exposures secured by collateral | Collateralized amount of exposures secured by collateral | Exposures secured by financial guarantees | Collateralized amount of exposures secured by financial guarantees | Exposures secured by credit derivatives | Collateralized amount of exposures secured by credit derivatives |
|---|---|---|---|---|---|---|---|---|
| 1 | Loans | 13.025.101 | 6.249.201 | 4.023.717 | - | - | - | - |
| 2 | Debt Securities | 992.596 | - | - | - | - | - | - |
| 3 | **Total** | **14.017.697** | **6.249.201** | **4.023.717** | **-** | - | - | - |
| 4 | Of which defaulted | 1.521.411 | 904.214 | 572.016 | - | - | - | - |

### f. Credit Risk if the Standard Approach is used:

### 1. Qualitative Disclosures which shall be made related to Rating Grades used in the calculation of Credit Risk with Standard Approach by Banks:

**Credit Risk if the Standard Approach is used:**

Fitch Grades are used for receivable classifications set out in credit risk standard approach calculations by the Group.

Fitch Rating Grades are taken into account by risk receivables from centralized administrations or from central banks and by foreign banks or by the financial institutions receivables portfolio.

Fitch Marks assigned to a debtor is taken into account for all assets of the debtor, no exception is made for a significant category of assets.

CRA's which are not included in the twinning table of the institution, are not used.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### 2. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects:

| 31 December 2021 | | 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 | 5.822.803 | - | 6.232.485 | - | - | - |
| 2 | Exposures to regional governments or local authorities | 191.270 | - | 77.816 | - | 38.908 | 50,0% |
| 3 | Receivables from administrative units and non-commercial enterprises | - | - | - | - | - | - |
| 4 | Exposures to multilateral development banks | - | 31.428 | - | 31.428 | - | - |
| 5 | Receivables from international organizations | - | - | - | - | - | - |
| 6 | Exposures to institutions | 788.610 | 471.283 | 902.060 | 443.857 | 543.080 | 40,4% |
| 7 | Exposures to corporates | 16.566.126 | 5.135.818 | 16.411.929 | 2.953.833 | 17.830.858 | 92,1% |
| 8 | Retail exposures | 207.608 | 59.361 | 207.567 | 14.416 | 240.463 | 108,3% |
| 9 | Exposures secured by residential property | 465.213 | 15.605 | 463.000 | 6.766 | 164.516 | 35,0% |
| 10 | Exposures secured by commercial real estate | 4.820.167 | 28.245 | 4.775.349 | 16.131 | 3.299.965 | 68,9% |
| 11 | Past-due loans | 1.515.537 | - | 1.438.508 | - | 1.442.884 | 100,3% |
| 12 | Higher-risk categories by the Agency Board | - | - | - | - | - | - |
| 13 | Mortgage-backed securities | - | - | - | - | - | - |
| 14 | Short-term receivables from banks and intermediary institutions and short-term corporate receivables | - | - | - | - | - | - |
| 15 | Investments in the nature of collective investment enterprise | - | - | - | - | - | - |
| 16 | Other receivables | 2.472.904 | - | 2.472.904 | - | 2.178.912 | 88,1% |
| 17 | Equity Invesment | - | - | - | - | - | - |
| **18** | **Total** | **32.850.238** | **5.741.740** | **32.981.618** | **3.466.431** | **25.739.586** | **70,6%** |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

### III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

#### 2. Standardised approach – Credit risk exposure and credit risk mitigation (CRM) effects (Continued):

| 31 December 2020 | | 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 | 3.719.374 | - | 4.148.840 | - | - | - |
| 2 | Exposures to regional governments or local authorities | 348.950 | - | 206.625 | - | 103.312 | 50,0% |
| 3 | Receivables from administrative units and non-commercial enterprises | - | 38 | - | 19 | - | - |
| 4 | Exposures to multilateral development banks | - | 24.172 | - | 24.172 | - | - |
| 5 | Receivables from international organizations | - | - | - | - | - | - |
| 6 | Exposures to institutions | 634.993 | 210.011 | 777.316 | 190.849 | 453.023 | 46,8% |
| 7 | Exposures to corporates | 11.071.541 | 4.757.858 | 10.847.176 | 3.046.010 | 12.975.213 | 93,4% |
| 8 | Retail exposures | 217.028 | 62.721 | 217.051 | 15.240 | 167.974 | 72,3% |
| 9 | Exposures secured by residential property | 502.726 | 14.581 | 493.461 | 5.820 | 174.068 | 34,9% |
| 10 | Exposures secured by commercial real estate | 4.893.581 | 28.329 | 4.850.901 | 19.211 | 3.397.479 | 69,8% |
| 11 | Past-due loans | 1.472.853 | - | 1.341.908 | - | 1.355.051 | 101,0% |
| 12 | Higher-risk categories by the Agency Board | - | - | - | - | - | - |
| 13 | Mortgage-backed securities | - | - | - | - | - | - |
| 14 | Short-term receivables from banks and intermediary institutions and short-term corporate receivables | - | - | - | - | - | - |
| 15 | Investments in the nature of collective investment enterprise | - | - | - | - | - | - |
| 16 | Other receivables | 1.777.862 | - | 1.777.862 | - | 1.413.327 | 79,5% |
| 17 | Equity Invesment | - | - | - | - | - | - |
| **18** | **Total** | **24.638.908** | **5.097.710** | **24.661.140** | **3.301.321** | **20.039.447** | **71,7%** |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### 3. Exposures by asset classes and risk weights

| | 31 December 2021<br>Exposure Categories/ Risk weight* | 0% | 10% | 20% | Guaranteed by 35% Real Estate Fund | 50% | 75% | 100% | 150% | 200% | Total credit risk exposure amount (after CCF and CRM) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Exposures to central governments or central banks | 6.232.485 | - | - | - | - | - | - | - | - | 6.232.485 |
| 2 | Exposures to regional governments or local authorities | - | - | - | - | 77.816 | - | - | - | - | 77.816 |
| 3 | Exposures to public sector entities | - | - | - | - | - | - | - | - | - | - |
| 4 | Exposures to multilateral development banks | 31.428 | - | - | - | - | - | - | - | - | 31.428 |
| 5 | Receivables from international organizations | - | - | - | - | - | - | - | - | - | - |
| 6 | Exposures to institutions | - | - | 457.553 | - | 873.590 | - | 14.774 | - | - | 1.345.917 |
| 7 | Exposures to corporates | 432.059 | - | 1.117.813 | - | 417.815 | - | 17.397.446 | 629 | - | 19.365.762 |
| 8 | Retail exposures | 2.249 | - | 3.717 | - | - | 108.747 | 5.491 | 101.779 | - | 221.983 |
| 9 | Exposures secured by residential property | 925 | - | - | 468.474 | - | - | - | 367 | - | 469.766 |
| 10 | Exposures secured by commercial real estate | 18.434 | - | 159 | - | 2.945.908 | - | 1.826.979 | - | - | 4.791.480 |
| 11 | Past-due loans | 84 | - | - | - | 32.729 | - | 1.364.046 | 41.649 | - | 1.438.508 |
| 12 | Higher-risk categories by the Agency Board | - | - | - | - | - | - | - | - | - | - |
| 13 | Mortgage-backed securities | - | - | - | - | - | - | - | - | - | - |
| 14 | Short-term receivables from banks and intermediary institutions and short-term corporate receivables | - | - | - | - | - | - | - | - | - | - |
| 15 | Investments in the nature of collective investment enterprise | - | - | - | - | - | - | - | - | - | - |
| 16 | Investments in equities | - | - | - | - | - | - | - | - | - | - |
| 17 | Other receivables | 293.992 | - | - | - | - | - | 2.178.912 | - | - | 2.472.904 |
| **18** | **Total** | **7.011.656** | **-** | **1.579.242** | **468.474** | **4.347.858** | **108.747** | **22.787.648** | **144.424** | **-** | **36.448.049** |

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### 3. Exposures by asset classes and risk weights (Continued):

| | **31 December 2020** Exposure Categories/ Risk weight* | **0%** | **10%** | **20%** | **Guaranteed by 35% Real Estate Fund** | **50%** | **75%** | **100%** | **150%** | **200%** | **Total credit risk exposure amount (after CCF and CRM)** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Exposures to central governments or central banks | 4.148.840 | - | - | - | - | - | - | - | - | 4.148.840 |
| 2 | Exposures to regional governments or local authorities | - | - | - | - | 206.625 | - | - | - | - | 206.625 |
| 3 | Exposures to public sector entities | 19 | - | - | - | - | - | - | - | - | 19 |
| 4 | Exposures to multilateral development banks | 24.172 | - | - | - | - | - | - | - | - | 24.172 |
| 5 | Receivables from international organizations | - | - | - | - | - | - | - | - | - | - |
| 6 | Exposures to institutions | - | - | 128.853 | - | 824.119 | - | 15.193 | - | - | 968.165 |
| 7 | Exposures to corporates | 80.569 | - | 847.345 | - | 255.086 | - | 12.710.186 | - | - | 13.893.186 |
| 8 | Retail exposures | 4.938 | - | 4.620 | - | - | 222.733 | - | - | - | 232.291 |
| 9 | Exposures secured by residential property | 1.946 | - | - | 497.335 | - | - | - | - | - | 499.281 |
| 10 | Exposures secured by commercial real estate | 2.126 | - | 1.040 | - | 2.939.345 | - | 1.927.601 | - | - | 4.870.112 |
| 11 | Past-due loans | 12 | - | - | - | 55.914 | - | 1.203.757 | 82.225 | - | 1.341.908 |
| 12 | Higher-risk categories by the Agency Board | - | - | - | - | - | - | - | - | - | - |
| 13 | Mortgage-backed securities | - | - | - | - | - | - | - | - | - | - |
| 14 | Short-term receivables from banks and intermediary institutions and short-term corporate receivables | - | - | - | - | - | - | - | - | - | - |
| 15 | Investments in the nature of collective investment enterprise | - | - | - | - | - | - | - | - | - | - |
| 16 | Investments in equities | - | - | - | - | - | - | - | - | - | - |
| 17 | Other receivables | 364.535 | - | - | - | - | - | 1.413.327 | - | - | 1.777.862 |
| **18** | **Total** | **4.627.157** | **-** | **981.858** | **497.335** | **4.281.089** | **222.733** | **17.270.064** | **82.225** | **-** | **27.962.461** |

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

**III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):**

**g. Disclosures regarding Counterparty Credit Risk**

**1. Qualitative Disclosures on Counterparty Credit Risk**

**i. Objectives and policies of risk management with respect to CCR,**

Counterparty credit risk 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. 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 Group ensures timely and accurate briefing for senior management and related departments and assignment of appropriate staff for measurement and monitoring for the purpose of an effective counterparty credit risk management. Senior Management is responsible for understanding significance and level of counterparty credit risk taken by the Group.

The Group allocates limits approved on the basis of customer and approved in different level of authorization in order to manage counterparty credit risk. Those limits are determined in a way including risk, which shall be taken, instrument and maturity information and periodically reviewed.

Activities, job definitions and responsibilities related to management, measurement, monitoring and reporting of counterparty credit risk are determined through policies and procedures. Counterparty credit risks can be simultaneously controlled on treasury system and early warning limit excess mechanisms are triggered if the use of limits are over 80%. Counterparty credit risk usage in the subsidiaries are constantly reported to the General Manager of Risk Management, Treasury Department, Vice President responsible for Capital Markets and Financial Institutions, Chief Financial Officer, and the Market Risk Department of the Parent Bank.

The Parent Bank uses mark-to-market approach in order to measure counterparty credit risk and therefore, determines coefficients (add-on) used in order to add current market value through multiplying nominal amount of transaction for the purpose of establishing the risk exposed by counterparty until the maturity. Aforementioned coefficients are calculated based on market data obtained from independent data providers and it is principal that aforementioned coefficients should be lower than coefficients determined in Part 3 of Annex -2 of Communique on Measurement and Evaluation of Bank's Capital Adequacy prepared by BRSA and coefficients used in legal capital calculations. Market Risk Department reviews add-on coefficients with updated market data periodically reserving its right to update add-on coefficients more frequently if the volatility increases.

Besides, senior management is periodically supported with stress tests for business lines, Treasury and Credit Allocation decision making processes. With monthly meetings, the business lines, Treasury, Credit Allocation, Monitoring and Risk Management teams evaluate the stress test results.

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

**III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):**

**ii. Operational limit allocation method determined in scope of calculated internal capital for CCR and central counterparty risk**

The Group assigns limits mentioned in transactions causing counterparty credit risk and central counterparty credit risk in accordance with principles determined in credit policies. It is principal to select customers having a high creditability and sufficient collateral conditions. Therefore, compliance of off-balance sheet transactions subject to CCR to in-balance sheet position of the customer in addition to creditability and collateral conditions of the customer, should be especially considered while allocating limits of the customer subject to such risks. Exchange rate and maturity compliance of in/off balance sheet transactions of the Customer and the customer having a foreign currency income reducing foreign currency risk to a minimum level are other important components which are considered while allocating aforementioned limits. The Group should be careful in not allocating high level of leverage and/or long term off balance sheet transaction limits.

The Parent Bank performs its treasury limit allocation in line with its Financial Institutions Credit Allocation and Borrowing Policy for those whose counterparty is a financial institution.

Daily Exchange Limit, Total Lending Limits, Issuer limit, Limit before Exchange and Total nominal limit are allocated for financial institutions.

A limit before exchange is allocated for customers apart from financial institutions. On the other hand, a Lending Limit is allocated affiliates in line with the content of the transactions.

There is a minimal CCP risk exposure due to the future transactions carried out by the Group in Takasbank market.

**iii. Policies towards determination of Guarantee and other risk mitigations and CCR including central counterparty risk,**

International Swaps and Derivatives Association (ISDA), Credit Support Annex (CSA) and/or Global Master Repurchase Agreement (GMRA), which have international validity, are concluded in counterparty credit risk management with respect to financial institutions and collateral management process is operated on a daily basis.

Collateralization principles and procedures within the framework of credit policies applied at Group for companies apart from financial institutions and individuals.

**iv. Rules with respect to Counter-trend risk**

The Parent Bank uses results of counterparty stress test performed periodically related to counter-trend risk and evaluates impact of deterioration in macro-economic conditions on credit risk of the customer. If it exists on a Group basis, the specific reverse tendency risk is monitored regularly with reports.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

**III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):**

**v. Amount of additional collateralization, which have to be provided by the Bank if there exist a decline in credit rating grade.**

There exists no additional collateral amount, which have to be provided by the Group if there exist a decline in credit rating grade.

**2. Assessment of Counterparty Credit Risk according to the models of measurement**

| | 31 December 2021 | Revaluation Cost | Potential credit risk exposure | EEPE | Alpha used for computing regulatory EAD | Exposure after credit risk mitigation | Risk Weighted Amounts |
|---|---|---|---|---|---|---|---|
| 1 | Standart Approach-CCR | - | - | | - | - | - |
| 2 | Internal Model Approach - (for derivative financial instruments, repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions) | | | - | - | - | - |
| 3 | Simplified Standardised Approach for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions) | | | | | 2.227.143 | 471.709 |
| 4 | Comprehensive Method for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions) | | | | | - | - |
| 5 | Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions - value at risk for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions | | | | | - | - |
| **6** | **Total** | | | | | **2.227.143** | **471.709** |

| | 31 December 2020 | Revaluation Cost | Potential credit risk exposure | EEPE | Alpha used for computing regulatory EAD | Exposure after credit risk mitigation | Risk Weighted Amounts |
|---|---|---|---|---|---|---|---|
| 1 | Standart Approach-CCR | - | - | | - | - | - |
| 2 | Internal Model Approach - (for derivative financial instruments, repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions) | | | - | - | - | - |
| 3 | Simplified Standardised Approach for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions) | | | | | 1.228.582 | 409.776 |
| 4 | Comprehensive Method for Credit Risk Mitigation - (for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions) | | | | | - | - |
| 5 | Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions - value at risk for repo transactions, marketable securities or commodity lending or borrowing transactions, transactions with long swap periods and overdraft securities transactions | | | | | - | - |
| **6** | **Total** | | | | | **1.228.582** | **409.776** |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### 3. Credit valuation adjustment (CVA) capital charge

| | 31 December 2021 | Exposure (After credit risk mitigation methods) | Risk Weighted Amounts |
|---|---|---|---|
| | Total portfolio value with comprehensive approach CVA capital adequacy | - | - |
| 1 | (i) Value at risk component (including 3*multiplier) | | - |
| 2 | (ii) Stressed Value at Risk (including 3*multiplier) | | - |
| 3 | All portfolios subject to Standardised CVA capital obligation | 2.227.143 | 243.966 |
| **4** | **Total amount of CVA capital adequacy** | **2.227.143** | **243.966** |

| | 31 December 2020 | Exposure (After credit risk mitigation methods) | Risk Weighted Amounts |
|---|---|---|---|
| | Total portfolio value with comprehensive approach CVA capital adequacy | | |
| 1 | (i) Value at risk component (including 3*multiplier) | | |
| 2 | (ii) Stressed Value at Risk (including 3*multiplier) | | |
| 3 | All portfolios subject to Standardised CVA capital obligation | 1.228.582 | 119.484 |
| **4** | **Total amount of CVA capital adequacy** | **1.228.582** | **119.484** |

### 4. Standardised approach – CCR exposures by regulatory portfolio and risk weights

| **31 December 2021**<br>**Risk Weights** | **0%** | **10%** | **20%** | **50%** | **75%** | **100%** | **150%** | **Other** | **Total credit risk** |
|---|---|---|---|---|---|---|---|---|---|
| Risk Classes | | | | | | | | | |
| Central governments and central banks receivables | 707.671 | - | - | - | - | - | - | - | 707.671 |
| Local governments and municipalities receivables | - | - | - | - | - | - | - | - | - |
| Administrative and non commercial receivables | - | - | - | - | - | - | - | - | - |
| Multilateral Development Bank receivables | - | - | - | - | - | - | - | - | - |
| Receivables from international organizations | - | - | - | - | - | - | - | - | - |
| Banks and Intermediary Institutions receivables | 182.874 | - | 839.127 | 384.535 | - | - | - | - | 1.406.536 |
| Corporate receivables | 1.294 | - | - | - | - | 111.539 | - | - | 112.833 |
| Retail receivables | - | - | - | - | 103 | - | - | - | 103 |
| Mortgage receivables | - | - | - | - | - | - | - | - | - |
| Past-due loans | - | - | - | - | - | - | - | - | - |
| Higher-risk categories by the Agency Board | - | - | - | - | - | - | - | - | - |
| Mortgage- backed securities | - | - | - | - | - | - | - | - | - |
| Securitization positions | - | - | - | - | - | - | - | - | - |
| Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables | - | - | - | - | - | - | - | - | - |
| Investments in nature of collective investment enterprise | - | - | - | - | - | - | - | - | - |
| Investments in equities | - | - | - | - | - | - | - | - | - |
| Other receivables | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - |
| **Total** | **891.839** | **-** | **839.127** | **384.535** | **103** | **111.539** | **-** | **-** | **2.227.143** |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### 4. Standardised approach – CCR exposures by regulatory portfolio and risk weights

| 31 December 2020<br>Risk Weights | 0% | 10% | 20% | 50% | 75% | 100% | 150% | Other | Total credit risk |
|---|---|---|---|---|---|---|---|---|---|
| Risk Classes | | | | | | | | | |
| Central governments and central banks receivables | 19.497 | - | 100.050 | - | - | - | - | - | 119.547 |
| Local governments and municipalities receivables | - | - | - | - | - | - | - | - | - |
| Administrative and non commercial receivables | - | - | - | - | - | 75 | - | - | 75 |
| Multilateral Development Bank receivables | - | - | - | - | - | - | - | - | - |
| Receivables from international organizations | - | - | - | - | - | - | - | - | - |
| Banks and Intermediary Institutions receivables | 238.918 | - | 406.852 | 302.105 | - | - | - | - | 947.875 |
| Corporate receivables | 3.650 | - | - | - | - | 156.768 | - | - | 160.418 |
| Retail receivables | - | - | - | - | 667 | - | - | - | 667 |
| Mortgage receivables | - | - | - | - | - | - | - | - | - |
| Past-due loans | - | - | - | - | - | - | - | - | - |
| Higher-risk categories by the Agency Board | - | - | - | - | - | - | - | - | - |
| Mortgage- backed securities | - | - | - | - | - | - | - | - | - |
| Securitization positions | - | - | - | - | - | - | - | - | - |
| Receivables from banks and intermediary institutions with short-term credit ratings and corporate receivables | - | - | - | - | - | - | - | - | - |
| Investments in nature of collective investment enterprise | - | - | - | - | - | - | - | - | - |
| Investments in equities | - | - | - | - | - | - | - | - | - |
| Other receivables | - | - | - | - | - | - | - | - | - |
| Other assets | - | - | - | - | - | - | - | - | - |
| **Total** | **262.065** | **-** | **506.902** | **302.105** | **667** | **156.843** | **-** | **-** | **1.228.582** |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### 5. Composition of collateral for CCR exposure

| 31 December 2021 | Collaterals for Derivatives Transactions | | | | Collaterals or Other Transactions | |
|---|---|---|---|---|---|---|
| | Collaterals Taken | | Collaterals Given | | Collaterals Taken | Collaterals Given |
| | Segregated | Unsegregated | Segregated | Unsegregated | | |
| Cash - Local Currency | - | - | - | - | 1.295 | - |
| Cash - Foreign Currency | - | - | - | - | 182.873 | - |
| Government Bonds-Domestic | - | - | - | - | - | - |
| Government Bonds-Other | - | - | - | - | - | - |
| Public Institution Bonds | - | - | - | - | - | - |
| Corporate Bonds | - | - | - | - | - | - |
| Share Certificate | - | - | - | - | - | - |
| Other Guarantees | - | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **184.168** | **-** |

| 31 December 2020 | Collaterals for Derivatives Transactions | | | | Collaterals or Other Transactions | |
|---|---|---|---|---|---|---|
| | Collaterals Taken | | Collaterals Given | | Collaterals Taken | Collaterals Given |
| | Segregated | Unsegregated | Segregated | Unsegregated | | |
| Cash - Local Currency | - | - | - | - | 103.701 | - |
| Cash - Foreign Currency | - | - | - | - | 238.918 | - |
| Government Bonds-Domestic | - | - | - | - | - | - |
| Government Bonds-Other | - | - | - | - | - | - |
| Public Institution Bonds | - | - | - | - | - | - |
| Corporate Bonds | - | - | - | - | - | - |
| Share Certificate | - | - | - | - | - | - |
| Other Guarantees | - | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **342.619** | **-** |

### 6. Credit derivatives:

None.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### 7. Risks to Central Counterparty:

There is a minimal CCP risk exposure due to the future transactions carried out by the Bank in Takasbank market. On the consolidated basis, there is a minimal CCP risk exposure in scope of products offered to customers of Burgan Yatırım A.Ş. Capital requirements are calculated for commercial risks and amounts of guarantee fund within an alternative method for CCP risks.

| 31 December 2021 | | Exposure at default (post-CRM) | RWA |
|---|---|---|---|
| 1 | Total Exposure to Qualified Central Counterparties (QCCPs) | | 15.690 |
| 2 | Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which | - | - |
| 3 | (i) OTC Derivatives | - | - |
| 4 | (ii) Exchange-traded Derivatives | - | - |
| 5 | (iii) Repo-Reverse Repo transactions, creditable marketable securitiy transactions and securities and commodities lending or borrowing 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) Repo-Reverse Repo transactions, creditable marketable securitiy transactions and securities and commodities lending or borrowing 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 | - | - |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):

### 7. Risks to Central Counterparty (Continued):

| 31 December 2020 | | Exposure at default (post-CRM) | RWA |
|---|---|---|---|
| 1 | Total Exposure to Qualified Central Counterparties (QCCPs) | - | 2.199 |
| 2 | Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which | - | - |
| 3 | (i) OTC Derivatives | - | - |
| 4 | (ii) Exchange-traded Derivatives | - | - |
| 5 | (iii) Repo-Reverse Repo transactions, creditable marketable securitiy transactions and securities and commodities lending or borrowing 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) Repo-Reverse Repo transactions, creditable marketable securitiy transactions and securities and commodities lending or borrowing 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 | - | - |

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

**III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):**

**h. Securitization disclosures:**

None.

**j. Disclosures on Market Risk**

**1. Qualitative information which shall be disclosed to public related to market risk**

**i.** The Group defines market risk as the potential financial loss which may occur as a result of fluctuations in capital markets. The aforementioned loss can occur due to fluctuations on share prices, interest rates, commodity prices and exchange rate.

The purpose of controlling and observance on market risk is to control and monitor impacts of markets risks on gain and economic value. In a more detail expression, the purpose of market risk control and audit is to protect Group from unexpected market losses and to establish transparent, objective and consistent market risk information which shall form a basis for decision making process.

Market Risk exposed by the Parent Bank is managed by Treasury, Capital Markets and Financial Institutions. The risk which the subsidiaries are exposed to is managed by the Treasury and Financial Institutions departments of Burgan Securities and Burgan Leasing which operate independently from the Parent Bank. The Parent Bank limits the market risk which shall be exposed for different risk factors in the framework of risk appetite. The framework of the limit and tracking method is determined with Treasury Risk Parameters document approved by Board of Directors and limits are reviews at least on an annual basis.

**ii.** Management of market risk is under responsibility of Treasury, Capital Markets and Financial Markets, which generate risk at primary level. Secondary degree controls are provided through independent risk management and internal control functions. Treasury Internal Control Department is established under Market Risk Department and Directorate of Internal Control Centre which operates independent of risk generating departments/units in the framework of authorizations and frameworks described at the Group.

Third level of controls are made through audits of treasury processes and market risk management made periodically by Directorate of Supervisory Board. The audits in question reviews compliance of market risk management to BRSA regulations related to market risk and policy and procedures of Group and Bank, monitoring of limit usages and reporting related to limit excesses and market risk.

**iii.** The Parent Bank uses Historical Simulation Method as internal method in order to digitize value at market risk. Unilateral 99% trust range, historical data belonging to working days in past two years and 10 days of holding period are taken into consideration in the calculation. The Parent Bank also calculates stress risk at value on a daily basis.

Treasury Risk Parameters are monitored by Market Risk Department during the day and at the end of day and use of limits and related other analysis are reported to ALCO, Risk Committee, Audit Committee, Risk Coordination Committee and Board of Directors.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

**III. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT (Continued):**

Early warning levels for limit usage are determined and the way, which shall be applied in case of an early warning or final limit excess, is stated clearly in Board of Directors approved policies.

Risk parameters include different type of limits such as foreign currency position limit, nominal, maturity, foreign exchange breakdowns related to bond portfolio, value at risk limits, limits related to interest rate (DV01), option vega limits and loss limits determined for trading portfolio. Some of these limits are monitored on consolidated basis, while others are monitored by the subsidiaries via independent limits from the Parent Bank, however all usages are followed up through daily reporting in the Parent Bank.

**2. Market risk under standardised approach**

| | **31 December 2021** | **RWA** |
|---|---|---|
| | Outright products | |
| 1 | Interest rate risk (general and specific) | 190.398 |
| 2 | Equity risk (general and specific) | 68.896 |
| 3 | Foreign exchange risk | 199.990 |
| 4 | Commodity risk | 4.038 |
| | Options | |
| 5 | Simplified approach | - |
| 6 | Delta-plus method | 783 |
| 7 | Scenario approach | - |
| 8 | Securitisation | - |
| **9** | **Total** | **464.105** |

| | **31 December 2020** | **RWA** |
|---|---|---|
| | Outright products | |
| 1 | Interest rate risk (general and specific) | 136.149 |
| 2 | Equity risk (general and specific) | - |
| 3 | Foreign exchange risk | 138.482 |
| 4 | Commodity risk | - |
| | Options | |
| 5 | Simplified approach | - |
| 6 | Delta-plus method | 2.358 |
| 7 | Scenario approach | - |
| 8 | Securitisation | - |
| **9** | **Total** | **276.989** |

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## IV. EXPLANATIONS ON CONSOLIDATED OPERATIONAL RISK:

The amount subject to operational risk is calculated once a year by using the "Basic Indicator Approach" in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in the Official Gazette No. 28337 dated 28 June 2012. The operational risk capital requirement dated 31 December 2021 has been calculated using the income in 2018, 2019 and 2020.

Annual gross income is calculated through deducting profit/loss sourcing from sales of securities whose accounts are tracked in fair value through other comprehensive income and measured at amortized cost, and extraordinary income, activity expenses made in return for support service and amounts compensated from insurance from total of net amount of interest revenues and non-interest revenues.

| 31 December 2021 | 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** | 868.663 | 930.278 | 891.664 | 896.868 | 15 | **134.530** |
| **Amount subject to operational risk (Total*12,5)** | - | - | - | - | - | **1.681.628** |

| 31 December 2020 | 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** | 588.992 | 868.663 | 930.278 | 795.978 | 15 | **119.397** |
| **Amount subject to operational risk (Total*12,5)** | - | - | - | - | - | **1.492.458** |

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK:

The difference between the Group's foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the "Net Foreign Currency Position" and it is the basis of currency risk. Another important dimension of the currency risk is the change in the exchange rates of different foreign currencies in "Net Foreign Currency Position" (cross currency risk).

A series of limits for the tenure of spot and forward foreign exchange positions are set by the Board of Directors annually. The Group has a short-term conservative foreign currency position management policy.

The Parent Bank's publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date:

| | EUR | | USD | |
|---|---|---|---|---|
| | **31 December 2021** | **31 December 2020** | **31 December 2021** | **31 December 2020** |
| **Bid Rate** | **TL 15,0867** | **TL 9,1164** | **TL 13,3290** | **TL 7,4194** |
| 1. Day Bid Rate | TL 15,0867 | TL 9,1164 | TL 13,3290 | TL 7,4194 |
| 2. Day Bid Rate | TL 14,6823 | TL 9,0079 | TL 12,9775 | TL 7,3405 |
| 3. Day Bid Rate | TL 13,8011 | TL 9,0697 | TL 12,2219 | TL 7,4063 |
| 4. Day Bid Rate | TL 13,4000 | TL 9,1370 | TL 11,8302 | TL 7,4738 |
| 5. Day Bid Rate | TL 12,8903 | TL 9,2037 | TL 11,3900 | TL 7,5517 |

The simple arithmetic average of the Parent Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are shown below:

| | EUR | | USD | |
|---|---|---|---|---|
| | **31 December 2021** | **31 December 2020** | **31 December 2021** | **31 December 2020** |
| Arithmetic average – 30 days | TL 15,4228 | TL 9,3887 | TL 13,6455 | TL 7,7095 |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

### Information on currency risk of the Group:

| | EUR | USD | Other FC | Total |
|---|---|---|---|---|
| **31 December 2021** | | | | |
| **Assets** | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey | 2.468.775 | 3.337.206 | 134.152 | 5.940.133 |
| Due From Banks | 49.595 | 254.881 | 18.700 | 323.176 |
| Financial Assets at Fair Value Through Profit or Loss (*) | 28.988 | 100.758 | 135 | 129.881 |
| Interbank Money Market Placements | - | - | - | - |
| Financial Assets at Fair Value Through Other Comprehensive Income | 58.202 | 52.177 | - | 110.379 |
| Loans (*) | 12.482.321 | 4.287.760 | - | 16.770.081 |
| Investments in Associates, Subsidiaries and Joint Ventures | - | - | - | - |
| Financial Assets Measured at Amortized Cost | 251.684 | 771.784 | - | 1.023.468 |
| Hedging Derivative Financial Assets (*) | 8.085 | 104.601 | - | 112.686 |
| Tangible Assets | - | - | - | - |
| Intangible Assets | - | - | - | - |
| Other Assets (*) | 31.742 | 5.257 | 970 | 37.969 |
| **Total Assets** | **15.379.392** | **8.914.424** | **153.957** | **24.447.773** |
| | | | | |
| **Liabilities** | | | | |
| Bank Deposits | 3.820 | 479.620 | 40 | 483.480 |
| Foreign Currency Deposits | 6.825.861 | 10.256.469 | 719.477 | 17.801.807 |
| Funds From Interbank Money Market | - | 210.613 | - | 210.613 |
| Funds Borrowed From Other Financial Institutions | 1.584.082 | 9.850.143 | - | 11.434.225 |
| Marketable Securities Issued | - | - | - | - |
| Miscellaneous Payables | 1.046.559 | 652.694 | 10 | 1.699.263 |
| Hedging Derivative Financial Liabilities | 19.929 | 4.265 | - | 24.194 |
| Other Liabilities (*) | 11.612 | 646 | 12.578 | 24.836 |
| **Total Liabilities** | **9.491.863** | **21.454.450** | **732.105** | **31.678.418** |
| | | | | |
| **Net On-balance Sheet Position** | **5.887.529** | **(12.540.026)** | **(578.148)** | **(7.230.645)** |
| **Net Off-balance Sheet Position** | **(4.815.773)** | **12.471.150** | **581.154** | **8.236.531** |
| Financial Derivative Assets | 2.193.480 | 16.846.883 | 837.068 | 19.877.431 |
| Financial Derivative Liabilities | 7.009.253 | 4.375.733 | 255.914 | 11.640.900 |
| **Non-Cash Loans (**)** | **1.801.707** | **3.515.723** | **64.128** | **5.381.558** |
| | | | | |
| **31 December 2020** | | | | |
| Total Assets (*) | 10.670.580 | 5.848.333 | 38.916 | 16.557.829 |
| Total Liabilities (*) | 5.879.853 | 13.002.627 | 282.241 | 19.164.721 |
| **Net On-balance Sheet Position** | **4.790.727** | **(7.154.294)** | **(243.325)** | **(2.606.892)** |
| **Net Off-balance Sheet Position** | **(4.240.703)** | **7.314.541** | **248.637** | **3.322.475** |
| Financial Derivative Assets | 2.552.398 | 10.476.238 | 413.273 | 13.441.909 |
| Financial Derivative Liabilities | 6.793.101 | 3.161.697 | 164.636 | 10.119.434 |
| **Non-Cash Loans (**)** | **1.771.089** | **2.260.017** | **148.516** | **4.179.622** |

(*) The above table shows the Bank's foreign currency net position based on main currencies. Foreign currency indexed assets are classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts. Therefore, as of 31 December 2021, foreign currency indexed loans of TL 153.438 (31 December 2020: TL 133.622) included in the Turkish Lira column in the balance sheet are included in the table above. In addition, in foreign currency assets; "Prepaid Expenses" amounting to TL 2.150 (31 December 2020: None.) and "Derivative Financial Instruments Income Rediscounts" amounting to TL 63.737 (31 December 2020: TL 68.720) and "First and Second Stage Expected Loss Provisions" amounting to TL 1.421.091 (31 December 2020: TL 727.102) and in foreign currency liabilities; "Derivative Financial Instruments Expense Rediscounts" amounting to TL 39.101 (31 December 2020: TL 143.555) and "Free Reserves" amounting to TL 138.622 (31 December 2020: None.) and "Non-cash Loans First and Second Stage Expected Loss Provisions" amounting to TL 7.401 (31 December 2020: TL 56.452) and "Securities Valuation Differences" and "Hedging Funds" amounting to TL 10.270 (31 December 2020: TL (19.083)) are not included in the table.

(**) Non-cash loans are not included in the total of "Net Off-Balance Sheet Position".

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## V. EXPLANATIONS ON CONSOLIDATED CURRENCY RISK (Continued):

**Currency risk sensitivity analysis:**

If foreign currency appreciated/depreciated against TL at a ratio of 10% and all other variables remain fixed as of 31 December 2021 and 2020, changes, which shall occur in net profit and equity regardless of tax effect due to exchange rate loss/profit sourcing from foreign currency net monetary position, are as follows:

| | 31 December 2021 | | | | 31 December 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Income Statement | | Equity (*) | | Income Statement | | Equity (*) | |
| | 10% increase | 10% decrease | 10% increase | 10% decrease | 10% increase | 10% decrease | 10% increase | 10% decrease |
| USD | 16.174 | (16.174) | 16.182 | (16.182) | (6.284) | 6.284 | (7.819) | 7.819 |
| EUR | 4.060 | (4.060) | 5.079 | (5.079) | (6.907) | 6.907 | (7.281) | 7.281 |
| Other currency units | 300 | (300) | 300 | (300) | 527 | (527) | 527 | (527) |
| **Total, net** | **20.534** | **(20.534)** | **21.561** | **(21.561)** | **(12.664)** | **12.664** | **(14.573)** | **14.573** |

(*) Equity effect also includes income table effects.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK:

Interest rate risk is the risk that expresses the effects of fluctuations in the market interest rates on the value increase/decrease of the Bank's interest rate sensitive assets and liabilities. The interest sensitivity of risks regarding the interest rate both on the on-balance sheet and off-balance sheet are monitored following several analyses and are discussed in Asset and Liability Committee weekly.

The Group closely monitors the maturity gap between liabilities and assets that may arise in the balance sheet to manage the interest rate risk better. Additionally, interest rate swaps and cross currency swaps that are followed under banking accounts and aim to hedge risks are conducted by the Treasury, Capital Markets and Financial Institutions Group. Liquidity management is critical in the combination of investments, fair value through other comprehensive income and the trading portfolio. Through using these precautions, the possible loss effects on the shareholders' equity due to both credit risk and interest risk during the volatile periods of the market are minimized.

### a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates (As for the remaining time to repricing):

| 31 December 2021 | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Non-Interest Bearing | Total |
|---|---|---|---|---|---|---|---|
| **Assets (***)** | | | | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey | 350.642 | - | - | - | - | 6.041.209 | 6.391.851 |
| Due From Banks | 238.349 | - | - | - | - | 318.021 | 556.370 |
| Financial Assets at Fair Value Through Profit/Loss (*) | 996.222 | 1.279.815 | 536.357 | 112.390 | 48.631 | 15.599 | 2.989.014 |
| Interbank Money Market Placements | 42.500 | - | - | - | - | - | 42.500 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 20.521 | - | - | 510.352 | 128.632 | 24.645 | 684.150 |
| Loans | 14.893.336 | 1.171.103 | 3.811.646 | 3.759.808 | 2.439.910 | 1.693.816 | 27.769.619 |
| Financial Assets Measured at Amortized Cost | - | - | 307.573 | 582.010 | 133.872 | - | 1.023.455 |
| Other Assets | 53.581 | - | - | - | - | 2.461.241 | 2.514.822 |
| **Total Assets** | **16.595.151** | **2.450.918** | **4.655.576** | **4.964.560** | **2.751.045** | **10.554.531** | **41.971.781** |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| Bank Deposits | 468.243 | 5.649 | - | - | - | 23.981 | 497.873 |
| Other Deposits | 14.816.036 | 4.703.545 | 730.629 | 32.781 | - | 3.582.311 | 23.865.302 |
| Funds From Interbank Money Market | 62.895 | - | 209.873 | - | - | - | 272.768 |
| Miscellaneous Payables | - | - | - | - | - | 1.971.807 | 1.971.807 |
| Marketable Securities Issued | - | - | - | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 4.879.122 | 4.133.875 | 1.837.360 | 99.661 | - | 666.450 | 11.616.468 |
| Other Liabilities (*) (**) | 540.341 | 280.286 | (341.664) | 181.805 | 734 | 3.086.061 | 3.747.563 |
| **Total Liabilities** | **20.766.637** | **9.123.355** | **2.436.198** | **314.247** | **734** | **9.330.610** | **41.971.781** |
| | | | | | | | |
| **Balance Sheet Long Position** | - | - | **2.219.378** | **4.650.313** | **2.750.311** | **1.223.921** | **10.843.923** |
| **Balance Sheet Short Position** | **(4.171.486)** | **(6.672.437)** | - | - | - | - | **(10.843.923)** |
| Off-balance Sheet Long Position | 2.635.609 | 3.162.230 | 1.122.704 | - | - | - | 6.920.543 |
| Off-balance Sheet Short Position | - | - | - | (4.829.235) | (93.303) | - | (4.922.538) |
| **Total Position** | **(1.535.877)** | **(3.510.207)** | **3.342.082** | **(178.922)** | **2.657.008** | **1.223.921** | **1.998.005** |

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 2.854.020 and other liabilities includes hedging derivative financial liabilities amounting to TL 587.787 classified to a related re-pricing periods.
(**) Shareholders' Equity is presented in the Non-Interest Bearing column.
(***) Assets are shown with their net values in their related period by deducting allowances for expected credit losses.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):

### a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates (As for the remaining time to repricing) (Continued):

| 31 December 2020 | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Year | 5 Year and Over | Non Interest Bearing | Total |
|---|---|---|---|---|---|---|---|
| **Assets (***)** | | | | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey | 341.612 | - | - | - | - | 2.928.969 | 3.270.581 |
| Due From Banks | 52.760 | - | - | - | - | 276.778 | 329.538 |
| Financial Assets at Fair Value Through Profit/Loss (*) | 125.574 | 112.458 | 415.620 | 154.854 | 47.919 | 2.519 | 858.944 |
| Interbank Money Market Placements | 131.550 | - | - | - | - | - | 131.550 |
| Financial Assets at Fair Value Through Other Comprehensive Income | - | - | 73.772 | 285.056 | 40.512 | 17.570 | 416.910 |
| Loans | 7.871.796 | 2.854.957 | 3.390.508 | 2.533.371 | 1.122.392 | 1.502.243 | 19.275.267 |
| Financial Assets Measured at Amortized Costs | - | 151.052 | - | 352.852 | 6.499 | - | 510.403 |
| Other Assets | 27.208 | - | - | - | - | 1.656.628 | 1.683.836 |
| **Total Assets** | **8.550.500** | **3.118.467** | **3.879.900** | **3.326.133** | **1.217.322** | **6.384.707** | **26.477.029** |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| Bank Deposits | 37.096 | 72.991 | - | - | - | 26.979 | 137.066 |
| Other Deposits | 8.849.909 | 3.620.616 | 376.105 | 12.550 | - | 851.202 | 13.710.382 |
| Funds From Interbank Money Market | 35.549 | 237.974 | - | - | - | - | 273.523 |
| Miscellaneous Payables | 115 | - | - | - | - | 627.929 | 628.044 |
| Marketable Securities Issued | - | - | - | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 1.190.995 | 6.102.748 | 1.593.630 | - | - | - | 8.887.373 |
| Other Liabilities (*)(**) | 206.261 | 110.307 | 50.618 | 188.664 | 15.025 | 2.269.766 | 2.840.641 |
| **Total Liabilities** | **10.319.925** | **10.144.636** | **2.020.353** | **201.214** | **15.025** | **3.775.876** | **26.477.029** |
| | | | | | | | |
| **Balance Sheet Long Position** | **-** | **-** | **1.859.547** | **3.124.919** | **1.202.297** | **2.608.831** | **8.795.594** |
| **Balance Sheet Short Position** | **(1.769.425)** | **(7.026.169)** | **-** | **-** | **-** | **-** | **(8.795.594)** |
| Off-balance Sheet Long Position | 1.153.754 | 856.846 | 755.874 | - | - | - | 2.766.474 |
| Off-balance Sheet Short Position | - | - | - | (2.402.744) | (14.839) | - | (2.417.583) |
| **Total Position** | **(615.671)** | **(6.169.323)** | **2.615.421** | **722.175** | **1.187.458** | **2.608.831** | **348.891** |

(*) Financial Assets at Fair Value Through Profit/Loss includes hedging derivative financial assets amounting to TL 776.087 and other liabilities includes hedging derivative financial liabilities amounting to TL 495.555 classified to a related re-pricing periods
(**) Shareholders' Equity is presented in the Non-Interest Bearing column.
(***) Assets are shown with their net values in their related period by deducting allowances for expected credit losses.

### Interest rate sensitivity analysis:

| Change in interest rate 31 December 2021 | Profit/ Loss Effect | Effect on funds under equity |
|---|---|---|
| **(+) 1%** | 6.372 | (132.804) |
| **(- ) 1%** | (7.918) | 33.716 |

| Change in interest rate 31 December 2020 | Profit/ Loss Effect | Effect on funds under equity |
|---|---|---|
| **(+) 1%** | 779 | (48.212) |
| **(- ) 1%** | (1.464) | 6.717 |

In the above study, the effects of (+) 1% and (-) 1% change in interest rates on "capital back-up" items under period profit / loss and equity are shown excluding tax effects.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):

### b. Average interest rates for monetary financial instruments:

The average interest rates calculated by weighing the simple rates with their principals are given below:

| **31 December 2021** | **EUR** | **USD** | **Yen** | **TL** |
|---|---|---|---|---|
| **Assets** | **%** | **%** | **%** | **%** |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | - | - | - | 8,50 |
| Due From Banks | - | 0,05 | - | 13,24 |
| Financial Assets at Fair Value Through Profit/Loss | 3,63 | 1,47 | - | 11,67 |
| Interbank Money Market Placements | - | - | - | 15,23 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 4,13 | 6,02 | - | 17,02 |
| Loans | 5,04 | 5,27 | - | 23,32 |
| Financial Assets Measured at Amortized Cost | 3,43 | 6,71 | - | - |
| | | | | |
| **Liabilities** | | | | |
| Bank Deposits | - | 0,10 | - | 15,79 |
| Other Deposits (*) | 0,60 | 1,12 | - | 15,29 |
| Funds From Interbank Money Market | - | 1,13 | - | 11,48 |
| Miscellaneous Payables | - | - | - | - |
| Marketable Securities Issued | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 3,05 | 2,69 | - | 15,06 |

(*) Demand deposits are included in the calculation of the weighted average interest rates.

| **31 December 2020** | **EUR** | **USD** | **Yen** | **TL** |
|---|---|---|---|---|
| **Assets** | **%** | **%** | **%** | **%** |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | - | - | - | 12,00 |
| Due From Banks | - | 0,36 | - | 16,62 |
| Financial Assets at Fair Value Through Profit/Loss | 4,89 | 2,49 | - | 10,30 |
| Interbank Money Market Placements | - | - | - | 16,07 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 4,65 | 5,04 | - | 15,15 |
| Loans | 5,40 | 6,41 | - | 18,64 |
| Financial Assets Measured at Amortized Cost | - | 6,07 | - | - |
| | | | | |
| **Liabilities** | | | | |
| Bank Deposits | 1,24 | 0,12 | - | - |
| Other Deposits (*) | 1,47 | 2,64 | - | 15,98 |
| Funds From Interbank Money Market | - | 1,29 | - | 13,93 |
| Miscellaneous Payables | - | - | - | - |
| Marketable Securities Issued | - | - | - | - |
| Funds Borrowed From Other Financial Institutions | 2,62 | 3,23 | - | 13,29 |

(*) Demand deposits are included in the calculation of the weighted average interest rates.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## VI. EXPLANATIONS ON CONSOLIDATED INTEREST RATE RISK (Continued):

### c. Interest rate risk resulting from banking accounts:

1. The measurement frequency of the interest rate risk with important estimations including those relating to the quality of the interest rate resulting from banking accounts, advance loan repayment and movements of deposits other than time deposits is explained by the following:

   Interest rate risk resulting from the banking accounts is measured according to the month-end balance in accordance with "Regulation No. 28034 on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method", dated 23 August 2011.

   Interest sensitive items are taken into consideration in accordance with the re-pricing period and depending on the estimated cash flows. Demand deposits are taken into account based on the core deposit calculations. The change calculated by implementing interest rate shocks on the differences created in accordance with the re-pricing periods of the assets and liabilities in the banking accounts is proportioned to the equities.

2. The table below presents the economic value differences of the Parent Bank resulting from fluctuations in interest rates in accordance with the "Regulation on Measurement and Evaluation of Interest Rate Risk resulting from Banking Accounts with Standard Shock Method" under sections divided into different currencies.

| Currency | Applied Shock (+/- x basis point) | Earnings/Losses | Earnings/ Equities-Losses/Equities |
|---|---|---|---|
| 1. TL | +500 bp | 3.481 | 0,1% |
| 2. TL | -400 bp | (733) | 0,0% |
| 3. EUR | +200 bp | (245.951) | (4,2)% |
| 4. EUR | -200 bp | 13.466 | 0,2% |
| 5. USD | +200 bp | (2.944) | (0,1)% |
| 6. USD | -200 bp | 18.596 | 0,3% |
| **Total (For Negative Shocks)** | | **31.329** | **0,5%** |
| **Total (For Positive Shocks)** | | **(245.414)** | **(4,2)%** |

## VII. EXPLANATIONS ON CONSOLIDATED SHARE CERTIFICATE POSITION RISK:

None.

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO:

Liquidity risk is the risk generated as a result of not having an effect or cash inflow at a level which can meet cash outflow, formed because of an imbalance in cash flow, timely and completely.

Effective liquidity risk management requires assigning appropriate staff for measurement and monitoring and timely informing management of the bank. Board of directors and senior management is responsible to understand the nature and level of the liquidity risk taken by the Parent Bank and the instruments measuring these risks. Additionally, Board of Directors and Senior Management are responsible for the compliance of funding strategies to risk tolerance which is determined to be applied.

Liquidity risk management framework of the Parent Bank is determined with "Burgan Bank Risk Management Policy" and "Burgan Bank Liquidity Risk Policy" documents approved by Bank's Board of Directors and "Burgan Bank Risk Management Policy" and "Burgan Bank Treasury Policy" and "Burgan Bank Assets & Liabilities Management Committee (ALCO)" in scope of banking legislation.

Liquidity management is primarily under the responsibility of ALCO in accordance with the Liquidity Risk Management of the Bank. Treasury, Capital Markets and Financial Corporations Group are responsible to perform required actions in accordance with the liquidity standards determined in accordance with the Liquidity Risk Policy. Market Risk Departments is secondarily responsible and it is responsible to control and report compliance with the limits. Detailed information (frequency of reports and the authorities to which they are presented) related to periodic and specific reports related to liquidity risk, stress tests, scenario tests, scenario analysis, compliance with risk limits and legal liquidity reports are included in Liquidity Risk Policy of the Bank.

Liquidity risk exposed by the Parent Bank, risk appetite, liquidity risk reduction appropriate to liquidity and funding policies (diversification of funding sources and maturities, derivative transactions), establishment of effective control environment, risk limits, early warning and triggering market indicators are managed through monitoring closely.

The liquidity risk is removed by short term placements, liquid marketable assets wallet and strong equity structure in the management of liquidity risk. Board of Directors of Bank can perform limit reduction regardless of credit value in current placement limits when the volatility in markets increases. Management of the Bank and ALCO monitors possible marginal costs of payments and spurts as a result of studies made in scope of scenario analysis while tracking interest margin in diversified maturity segments between assets and liabilities. Borrowing limits which can be used in short-term for spurts from Central Bank, BIST Repo Market, Takasbank Money Market and banks are applied at a minimum level. The Parent Bank does not need to use these sources because of its current liquidity position but it uses the aforementioned limits for short-term transaction opportunities. Assets, liabilities and positions on the basis of main types of currencies (currencies forming at least 5% of Bank's total liabilities) are managed under the control of Treasury and Capital Markets.

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

**VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):**

The Parent Bank and subsidiaries subject to consolidation are responsible to be in accord with the minimum liquidity restrictions that are set by legislation and consolidated and unconsolidated liquidity restrictions that is determined in the Bank's Liquidity Risk Policy There should be no excess in liquidity limits in accordance with the Bank's policy. Acceptation of current risk level, reduction or termination of activities causing to risk are evaluated for the risk which are not reduced. The actions, which shall be taken if there is an excess in the legal and internal limits, are detailed in Liquidity Risk Policy of the Bank. Overflow which is formed in liquidity ratios tracked according to legal limitations is eliminated in the period which is also determined by legal legislation.

Triggering market indicators are indicators which are tracked as early warning signals before the transition to stress environment which can form in the market as a result of ordinary business condition. Early warning limits related to liquidity risk in Bank are determined and aforementioned limits are monitored closely with the triggering market indicators.

Market Risk Department reports results of scenarios related to liquidity risk to Board of Directors, Risk Coordination Committee, Risk Committee and ALCO through making monthly calculations based on stress scenarios. These stress tests identify negative market conditions and potential fund outflows which occur in funding resources in a liquidity crisis. The purpose of stress tests is to inform related committees and Board of Directors regarding liquidity outflows and derogation which can occur in the liquidity ratios of the Parent Bank. Required actions are taken by ALCO if there are similar situations mentioned in stress scenarios.

An ALCO meeting is held with a call made by Treasury, Capital Markets and Deputy General Manager of Financial Corporations if there is a negative development sourcing from the group or liquidity. Precautions which shall be taken in this process are determined in scope of Liquidity Emergency Plan and details related to Liquidity Emergency Plan are included in Liquidity Risk Policy of the Parent Bank.

The Parent Bank has a central funding institution function in its relations with partners. Intra-group liquidity management and funding strategies are limited to related legal limitations.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

### Consolidated Liquidity Coverage Ratio:

| | | Unweighted Amounts (*) | | Unweighted Amounts (*) | |
|---|---|---|---|---|---|
| 31 December 2021 | | TL+FC | FC | TL+FC | FC |
| **HIGH QUALITY LIQUID ASSETS** | | | | | |
| **1** | **High Quality Liquid Assets** | | | **6.944.894** | **5.961.887** |
| **CASH OUTFLOWS** | | | | | |
| **2** | **Retail and Small Business Customers Deposits** | **14.166.092** | **9.188.205** | **1.354.575** | **918.820** |
| 3 | Stable deposits | 1.240.687 | - | 62.034 | - |
| 4 | Less stable deposits | 12.925.405 | 9.188.205 | 1.292.541 | 918.820 |
| **5** | **Unsecured Funding other than Retail and Small Business Customers Deposits** | **5.914.223** | **4.865.258** | **2.645.028** | **1.984.664** |
| 6 | Operational deposits | 2.422.062 | 2.238.772 | 605.515 | 559.693 |
| 7 | Non-Operational Deposits | 2.864.257 | 2.397.487 | 1.411.609 | 1.195.972 |
| 8 | Other Unsecured Funding | 627.904 | 228.999 | 627.904 | 228.999 |
| **9** | **Secured funding** | | | **-** | **-** |
| **10** | **Other Cash Outflows** | **804.430** | **798.302** | **804.430** | **798.302** |
| 11 | Liquidity needs related to derivatives and market valuation changes on derivatives transactions | 804.430 | 798.302 | 804.430 | 798.302 |
| 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** | **-** | **-** | **-** | **-** |
| **15** | **Other irrevocable or conditionally revocable commitments** | **6.111.430** | **4.683.503** | **927.723** | **713.525** |
| **16** | **TOTAL CASH OUTFLOWS** | | | **5.731.756** | **4.415.311** |
| **CASH INFLOWS** | | | | | |
| 17 | Secured Lending Transactions | - | - | - | - |
| 18 | Unsecured Lending Transactions | 4.327.949 | 1.702.603 | 2.918.766 | 1.148.042 |
| 19 | Other contractual cash inflows | 108.239 | 1.050.607 | 108.239 | 1.050.607 |
| **20** | **TOTAL CASH INFLOWS** | **4.436.188** | **2.753.210** | **3.027.005** | **2.198.649** |
| | | | | **Upper Bound Applied Amounts** | |
| **21** | **TOTAL HIGH QUALITY LIQUID ASSETS** | | | **6.944.894** | **5.961.887** |
| **22** | **TOTAL NET CASH OUTFLOWS** | | | **2.704.751** | **2.216.662** |
| **23** | **LIQUIDITY COVERAGE RATIO (%)** | | | **256,77** | **268,96** |

(*) The arithmetic average of the last three months daily consolidated Liquidity Coverage Ratio's are used.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

| | | Unweighted Amounts (*) | | Weighted Amounts (*) | |
|---|---|---|---|---|---|
| **31 December 2020** | | **TL+FC** | **FC** | **TL+FC** | **FC** |
| **HIGH QUALITY LIQUID ASSETS** | | | | | |
| **1** | **High Quality Liquid Assets** | | | **4.743.725** | **4.130.511** |
| **CASH OUTFLOWS** | | | | | |
| **2** | **Retail and Small Business Customers Deposits** | **9.416.529** | **6.314.802** | **896.440** | **631.480** |
| 3 | Stable deposits | 904.264 | - | 45.213 | - |
| 4 | Less stable deposits | 8.512.265 | 6.314.802 | 851.227 | 631.480 |
| **5** | **Unsecured Funding other than Retail and Small Business Customers Deposits** | **4.907.804** | **4.168.913** | **2.153.523** | **1.697.701** |
| 6 | Operational deposits | 2.285.040 | 2.127.473 | 571.260 | 531.868 |
| 7 | Non-Operational Deposits | 2.059.150 | 1.735.324 | 1.018.649 | 859.717 |
| 8 | Other Unsecured Funding | 563.614 | 306.116 | 563.614 | 306.116 |
| **9** | **Secured funding** | - | - | - | - |
| **10** | **Other Cash Outflows** | **425.195** | **408.259** | **425.195** | **408.259** |
| 11 | Liquidity needs related to derivatives and market valuation changes on derivatives transactions | 425.195 | 408.259 | 425.195 | 408.259 |
| 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** | - | - | - | - |
| **15** | **Other irrevocable or conditionally revocable commitments** | **4.801.050** | **3.865.523** | **610.479** | **460.361** |
| **16** | **TOTAL CASH OUTFLOWS** | | | **4.085.637** | **3.197.801** |
| **CASH INFLOWS** | | | | | |
| 17 | Secured Lending Transactions | - | - | - | - |
| 18 | Unsecured Lending Transactions | 2.573.626 | 1.223.309 | 1.800.770 | 817.266 |
| 19 | Other contractual cash inflows | 21.507 | 569.027 | 21.507 | 569.027 |
| **20** | **TOTAL CASH INFLOWS** | **2.595.133** | **1.792.336** | **1.822.277** | **1.386.293** |
| | | | | **Upper Bound Applied Amounts** | |
| **21** | **TOTAL HIGH QUALITY LIQUID ASSETS** | | | **4.743.725** | **4.130.511** |
| **22** | **TOTAL NET CASH OUTFLOWS** | | | **2.263.360** | **1.811.508** |
| **23** | **LIQUIDITY COVERAGE RATIO (%)** | | | **209,59** | **228,02** |

(*) The arithmetic average of the last three months daily consolidated Liquidity Coverage Ratio's are used.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

Liquidity coverage rate is calculated through estimating high-quality liquid assets owned by the Bank to net cash out flows based on 30 days of maturity. Balance items which are determinant on the ratio are sorted as required reserves kept in Central Bank of Turkey, securities which are not subject to repo/guarantee, deposit having a corporate transaction, banks deposits, foreign sourced funds and receivables from banks. The impacts of aforementioned items on liquidity coverage ratio are higher than other items since they have a higher share in liquid assets and net cash out flows and they can change in time.

High quality liquid assets of the Group consist of accounts in Central Bank of Turkey, at a ratio of 77% and securities issued by Undersecretariat of Treasury at a ratio of 17%. The fund resources are distributed among deposits of individuals and retail, at a rate of 17%, corporate deposits at a rate of 36% and bank debts at a rate of 21%.

Fluctuations in foreign currency derivative transaction volumes, mainly in foreign currency swaps, can have an impact on foreign currency liquidity coverage rate although derivative transactions generate a lower level of net cash flow with respect to liquidity coverage rate.

Absolute value of net warrant flows realized as of 30 days periods for each transaction and liability are calculated provided that changes in fair values of derivative transactions and other liabilities can form a margin liability in accordance with "Regulation on Calculation of Liquidity Coverage Ratio of Banks" entered into force through publishing in Official Gazette dated 21 March 2014 and numbered 28948. The biggest absolute value, which is calculated in the last 24 months, is taken into consideration as cash outflow. Calculations for derivative transactions and other liabilities, having a flow history shorter than 24 months, are performed from the date in which the transaction is triggered. Information related to the aforementioned cash outflow occurred on 31 December 2021 is given below:

| Date | FC | FC+TL |
|---|---:|---:|
| 31 December 2021 | 1.483.016 | 1.483.016 |

Liquidity coverage rates are calculated weekly for consolidated basis and monthly for consolidated basis as of 31 December 2015 in accordance with the "Regulation on Calculation of Liquidity Coverage Ratio of Banks" published in Official Gazette dated 21 March 2014 and numbered 28948. As of 31 December 2021, liquidity coverage rates must be at least 80% for foreign currency assets and liabilities and at least 100% in total assets and liabilities. Dates and values of the lowest and highest foreign currency and total consolidated liquidity coverage ratios related to the three-month period calculated by taking daily arithmetic averages are explained in the table below:

| Current Period | Maximum (%) | | Minimum (%) | |
|---|---:|---:|---:|---:|
| | FC | FC + TL | FC | FC + TL |
| Monthly Arithmetic Average (%) | 307,03% | 291,16% | 262,11% | 238,49% |
| Month | 31.12.2021 | 30.11.2021 | 30.11.2021 | 31.12.2021 |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

### Breakdown of assets and liabilities according to their outstanding maturities:

| 31 December 2021 | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and Over | Unclassified (***) | Total |
|---|---|---|---|---|---|---|---|---|
| **Assets (****)** | | | | | | | | |
| Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey | 2.426.324 | 3.965.527 | - | - | - | - | - | 6.391.851 |
| Due From Banks | 237.367 | 238.349 | - | - | - | - | 80.654 | 556.370 |
| Financial Assets at Fair Value Through Profit or Loss (*) | - | 803.066 | 923.793 | 449.047 | 745.312 | 52.197 | 15.599 | 2.989.014 |
| Interbank Money Market Placements | - | 42.500 | - | - | - | - | - | 42.500 |
| Financial Assets at Fair Value Through Other Comprehensive Income | - | 20.519 | - | - | 510.354 | 128.632 | 24.645 | 684.150 |
| Loans | - | 5.482.440 | 4.904.563 | 4.193.641 | 7.014.361 | 4.480.798 | 1.693.816 | 27.769.619 |
| Financial Assets Measured at Amortized Cost | - | - | - | 307.573 | 582.010 | 133.872 | - | 1.023.455 |
| Other Assets (**) | 17.070 | 145.141 | 20.451 | 104.173 | 24.388 | - | 2.203.599 | 2.514.822 |
| **Total Assets** | **2.680.761** | **10.697.542** | **5.848.807** | **5.054.434** | **8.876.425** | **4.795.499** | **4.018.313** | **41.971.781** |
| | | | | | | | | |
| **Liabilities** | | | | | | | | |
| Bank Deposits | 23.981 | 468.243 | 5.649 | - | - | - | - | 497.873 |
| Other Deposits | 3.582.311 | 14.816.036 | 4.703.545 | 730.629 | 32.781 | - | - | 23.865.302 |
| Funds Borrowed From Other Financial Institutions | - | 490.553 | 1.319.821 | 2.694.869 | 3.764.011 | 3.347.214 | - | 11.616.468 |
| Funds From Interbank Money Market | - | 62.156 | - | 210.612 | - | - | - | 272.768 |
| Marketable Securities Issued | - | - | - | - | - | - | - | - |
| Miscellaneous Payables | 4.340 | 18.981 | - | - | - | - | 1.948.486 | 1.971.807 |
| Other Liabilities (*) (***) | 871 | 666.995 | 279.883 | 153.751 | (129.046) | 358 | 2.774.751 | 3.747.563 |
| **Total Liabilities** | **3.611.503** | **16.522.964** | **6.308.898** | **3.789.861** | **3.667.746** | **3.347.572** | **4.723.237** | **41.971.781** |
| | | | | | | | | |
| **Net Liquidity Gap** | **(930.742)** | **(5.825.422)** | **(460.091)** | **1.264.573** | **5.208.679** | **1.447.927** | **(704.924)** | **-** |
| | | | | | | | | |
| **Net Off-balance sheet position** | **-** | **192.654** | **(106.509)** | **416.220** | **459.172** | **2.456** | **-** | **963.993** |
| Financial Derivative Assets | - | 10.951.870 | 3.910.276 | 1.355.543 | 2.997.378 | 6.919 | - | 19.221.986 |
| Financial Derivative Liabilities | - | (10.759.216) | (4.016.785) | (939.323) | (2.538.206) | (4.463) | - | (18.257.993) |
| **Non-cash Loans** | **-** | **4.143.098** | **1.199.728** | **1.215.942** | **478.284** | **9.498** | **-** | **7.046.550** |
| | | | | | | | | |
| **31 December 2020** | | | | | | | | |
| **Total Assets** | **1.628.074** | **5.246.718** | **3.036.168** | **3.718.182** | **7.412.537** | **2.629.079** | **2.806.271** | **26.477.029** |
| **Total Liabilities** | **881.296** | **9.828.037** | **4.951.474** | **3.873.618** | **3.125.557** | **1.142.265** | **2.674.782** | **26.477.029** |
| | | | | | | | | |
| **Net Liquidity Gap** | **746.778** | **(4.581.319)** | **(1.915.306)** | **(155.436)** | **4.286.980** | **1.486.814** | **131.489** | **-** |
| | | | | | | | | |
| **Net Off-balance sheet position** | **-** | **179.769** | **89.620** | **130.407** | **243.244** | **(455)** | **-** | **642.585** |
| Financial Derivative Assets | - | 7.474.260 | 3.570.238 | 965.738 | 1.681.932 | 273 | - | 13.692.441 |
| Financial Derivative Liabilities | - | (7.294.491) | (3.480.618) | (835.331) | (1.438.688) | (728) | - | (13.049.856) |
| **Non-cash Loans** | **-** | **3.282.154** | **638.933** | **1.005.282** | **240.760** | **4.638** | **-** | **5.171.767** |

(*) Financial Assets at Fair Value Through Profit or Loss includes hedging derivative financial assets amounting to TL 2.854.020 and Other Liabilities includes hedging derivative financial liabilities amounting to TL 587.787.
(**) Assets forming the balance sheet such as fixed and intangible assets, subsidiaries, associates and stationary stocks are classified in this column.
(***) Shareholders' equity is presented under the "Other liabilities" item in the "Unclassified" column.
(****) Assets are shown with their net values in their related period by deducting allowances for expected credit losses.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

### Breakdown of financial liabilities according to their remaining contractual maturities:

| 31 December 2021 | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | Above 5 years | Total |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Deposits | 492.315 | 5.792 | - | - | - | **498.107** |
| Funds borrowed from other financial institutions | 18.452.146 | 4.746.182 | 765.151 | 40.625 | - | **24.004.104** |
| Funds from money market | 492.858 | 1.384.531 | 2.922.766 | 5.266.971 | 3.438.651 | **13.505.777** |
| Payables to money market | 62.156 | - | 211.278 | - | - | **273.434** |
| **Total** | **19.499.475** | **6.136.505** | **3.899.195** | **5.307.596** | **3.438.651** | **38.281.422** |

| 31 December 2020 | Up to 1 month | 1-3 months | 3-12 months | 1-5 years | Above 5 years | Total |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Deposits | 64.075 | 73.161 | - | - | - | **137.236** |
| Funds borrowed from other financial institutions | 9.815.627 | 3.651.002 | 393.307 | 14.971 | - | **13.874.907** |
| Funds from money market | 540.572 | 1.078.395 | 3.743.988 | 2.957.526 | 1.123.344 | **9.443.825** |
| Payables to money market | 35.162 | 122.110 | - | 117.673 | - | **274.945** |
| **Total** | **10.455.436** | **4.924.668** | **4.137.295** | **3.090.170** | **1.123.344** | **23.730.913** |

### Derivative instruments of group, counter-based maturity analysis:

| 31 December 2021 | Up to 1 month | 1-3 months | 3-12 months | 1-5 Years | Above 5 Years | Total |
|---|---|---|---|---|---|---|
| **Derivative instruments held for trading** | | | | | | |
| Exchange rate derivatives: | | | | | | |
| - Entry | 10.516.764 | 3.498.954 | 592.932 | - | - | **14.608.650** |
| - Out | 10.544.106 | 3.828.387 | 592.672 | - | - | **14.965.165** |
| Interest rate derivatives: | | | | | | |
| - Entry | 3.096 | 3.052 | 15.287 | 32.735 | 6.919 | **61.089** |
| - Out | 4.173 | 3.889 | 20.555 | 30.478 | 4.463 | **63.558** |
| **Derivative instruments protection from risk** | | | | | | |
| Exchange rate derivatives: | | | | | | |
| - Entry | 431.945 | 407.727 | 744.956 | 2.952.359 | - | **4.536.987** |
| - Out | 209.475 | 180.312 | 319.891 | 2.503.055 | - | **3.212.733** |
| Interest rate derivatives: | | | | | | |
| - Entry | 65 | 543 | 2.368 | 12.284 | - | **15.260** |
| - Out | 1.462 | 4.197 | 6.205 | 4.673 | - | **16.537** |
| **Total cash inflow** | **10.951.870** | **3.910.276** | **1.355.543** | **2.997.378** | **6.919** | **19.221.986** |
| **Total cash outflow** | **10.759.216** | **4.016.785** | **939.323** | **2.538.206** | **4.463** | **18.257.993** |

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## VIII. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK AND THE CONSOLIDATED LIQUIDITY COVERAGE RATIO (Continued):

| **31 December 2020** | **Up to 1 month** | **1-3 months** | **3-12 months** | **1-5 Years** | **Above 5 years** | **Total** |
|---|---|---|---|---|---|---|
| **Derivative instruments held for trading** | | | | | | |
| Exchange rate derivatives: | | | | | | |
| - Entry | 7.455.474 | 3.526.050 | 292.465 | - | - | **11.273.989** |
| - Out | 7.267.638 | 3.426.218 | 275.451 | - | - | **10.969.307** |
| Interest rate derivatives: | | | | | | |
| - Entry | 6.582 | 16.131 | 60.960 | 70.953 | 2.501 | **157.127** |
| - Out | 29.196 | 20.516 | 68.650 | 99.083 | 3.466 | **220.911** |
| **Derivative instruments protection from risk** | | | | | | |
| Exchange rate derivatives: | | | | | | |
| - Entry | 41.603 | 26.120 | 118.492 | 425.814 | - | **612.029** |
| - Out | 29.348 | 51.341 | 559.255 | 4.478.848 | - | **5.118.792** |
| Interest rate derivatives: | | | | | | |
| - Entry | - | 4.228 | 664 | - | - | **4.892** |
| - Out | 1.775 | 33.297 | 17.757 | 34.935 | - | **87.764** |
| **Total cash inflow** | **7.503.659** | **3.572.529** | **472.581** | **496.767** | **2.501** | **12.048.037** |
| **Total cash outflow** | **7.327.957** | **3.531.372** | **921.113** | **4.612.866** | **3.466** | **16.396.774** |

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## IX. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO:

### Information on subjects that causes difference in leverage ratio between current and prior periods:

As of 31 December 2021, the leverage ratio of the Group calculated from the arithmetic average of the three months is 6,05 % (31 December 2020: 5,75%). This ratio is above the minimum required. The most important reason for the difference in leverage ratio between current and prior period is the increase in balance sheet and off-balance sheet assets.

### Disclosure of leverage ratio template:

| | 31 December 2021 (*) | 31 December 2020 (*) |
|---|---|---|
| **Balance sheet assets** | | |
| Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals) | 37.654.863 | 27.431.411 |
| (Assets deducted from Core capital) | 58.443 | 54.796 |
| Total risk amount of balance sheet assets | 37.596.420 | 27.376.615 |
| **Derivative financial assets and credit derivatives** | | |
| Cost of replenishment for derivative financial assets and credit derivatives | 1.434.239 | 616.111 |
| Potential credit risk amount of derivative financial assets and credit derivatives | 187.960 | 154.165 |
| Total risk amount of derivative financial assets and credit derivatives | 1.622.199 | 770.276 |
| **Financing transactions secured by marketable security or commodity** | | |
| Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet) | - | - |
| Risk amount arising from intermediary transactions | - | - |
| Total risk amount of financing transactions secured by marketable security or commodity | - | - |
| **Off-balance sheet transactions** | | |
| Gross notional amount of off-balance sheet transactions | 7.947.351 | 6.706.223 |
| (Correction amount due to multiplication with credit conversion rates) | - | - |
| Total risk of off-balance sheet transactions | 7.947.351 | 6.706.223 |
| **Capital and total risk** | | |
| Core Capital | 2.806.646 | 2.001.411 |
| Total risk amount | 47.165.970 | 34.853.114 |
| **Leverage ratio** | | |
| Leverage ratio | 6,05% | 5,75% |

(*) The arithmetic average of the last 3 months in the related periods.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## X. EXPLANATIONS ON HEDGE TRANSACTIONS:

As of 31 December 2020, The Group applies cash flow hedge accounting using interest swaps to hedge its FC deposits and other liabilities with an average maturity up to 3 months against interest rate fluctuations. The Group implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TFRS 9, in financial statements under equity "Hedging Funds", whereas the amount concerning ineffective parts is associated with the statement of profit or loss.

As of the balance sheet date, derivative financial assets with a carrying amount of TL 1.693.717 (31 December 2020: TL 490.425) and derivative financial liabilities with a carrying amount of TL 118.110 (31 December 2020: TL 94.972), are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value expense at the amount of TL 195.760 (31 December 2020: TL 21.901 fair value income) after tax is recognized under the equity in the current period. Ineffective part is not available (31 December 2020: None).

| Hedging Instrument | Hedging Subject | Exposed Risk | Hedging Instruments Fair Value | | Hedging Funds | Ineffective Part Accounted in Income Statement (Net) |
|---|---|---|---|---|---|---|
| | | | Assets | Liabilities | | |
| Cross Currency Swap | Floating rate up to 3 month maturity FC deposits | Cash flow risk of changes in market interest rates | 1.565.642 | 75.160 | 111.130 | - |
| Interest Rate Swap | Floating rate up to 3 month maturity FC deposits | Cash flow risk of changes in market interest rates | 128.075 | 42.950 | 74.393 | - |

When hedge accounting of cash flow hedges cannot be maintained effectively as defined in TAS 39, the accounting application is ended. In case of deterioration of efficiency, the effective amounts, which are recognized under the equity due to the risk hedge accounting, are eliminated from equities in the periods or periods, when cash flow effects profit and losses (periods, when interest income or expenses are recognized) as re-classification adjustment and then it is re-classified in the profit and loss. There is no amount, which is transferred to statement of profit or loss due to the swaps, of which effectiveness is damaged or closed in the current period (31 December 2020: None).

The measurements conducted as of 31 December 2021 show that the cash flow hedging transactions shown above are effective.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## XI. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

### a. Financial Assets and Liabilities at their fair values:

Financial assets measured at amortized cost are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand placements and deposits represents the amount to be paid upon request. The expected fair value of the fixed rate deposits is determined by calculating the discounted cash flow using the Bank's current interest rates as of balance sheet date.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the Bank's current interest rates for fixed interest loans. For the loans with floating interest rates, it is assumed that the book value reflects the fair value.

The expected fair value of bank placements, money market placements and bank deposits are determined by calculating the discounted cash flows using the current market interest rates of similar assets and liabilities. The book value represents the sum of acquisition cost and accumulated interest accruals of the related assets and liabilities.

The following table summarises the book values and fair values of some financial assets and liabilities of the Group.

| | Book Value | | Fair Value | |
|---|---|---|---|---|
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| **Financial Assets** | **30.076.150** | **20.624.747** | **30.258.689** | **21.064.638** |
| Receivables from Money Markets | 42.500 | 131.550 | 42.500 | 131.871 |
| Banks (*) | 556.426 | 290.617 | 556.390 | 286.954 |
| Financial assets at fair value through other comprehensive income | 684.150 | 416.910 | 684.150 | 416.910 |
| Other financial assets measured at amortized cost | 1.023.468 | 510.403 | 985.095 | 547.097 |
| Loans | 27.769.606 | 19.275.267 | 27.990.554 | 19.681.806 |
| **Financial Liabilities** | **38.533.921** | **23.574.175** | **38.276.175** | **23.459.333** |
| Bank Deposits | 497.873 | 137.066 | 497.778 | 136.897 |
| Other Deposits | 24.363.175 | 13.847.448 | 23.819.282 | 13.678.075 |
| Borrowings | 11.616.468 | 8.887.373 | 11.902.710 | 8.942.073 |
| Marketable Securities Issued | - | - | - | - |
| Miscellaneous Payables | 2.056.405 | 702.288 | 2.056.405 | 702.288 |

(*) Includes CBRT time deposits.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## XI. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

### b. Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows.

a) Quoted market prices (non-adjusted for identical assets or liabilities) (1st level)
b) Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level)
c) Data not based on observable data regarding assets or liabilities (3rd level)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

| **31 December 2021** | **1st Level** | **2nd Level** | **3rd Level** | **Total** |
|---|---|---|---|---|
| | | | | |
| Financial Assets at Fair Value Through Profit or Loss | 134.994 | 1.160.303 | - | **1.295.297** |
| Government Debt Securities | 2.388 | - | - | **2.388** |
| Share Certificates | - | - | - | - |
| Derivative financial assets at fair value through profit or loss | - | 1.160.303 | - | **1.160.303** |
| Other Securities | 132.606 | - | - | **132.606** |
| Financial Assets at Fair Value Through other comprehensive income (*) | 659.505 | 7.674 | 16.971 | **684.150** |
| Share Certificates | - | 7.674 | 16.971 | **24.645** |
| Government Debt Securities | 659.505 | - | - | **659.505** |
| Other Securities | - | - | - | - |
| Derivative financial assets at fair value through other comprehensive income | - | 1.693.717 | - | **1.693.717** |
| | | | | |
| **Total Assets** | **794.499** | **2.861.694** | **16.971** | **3.673.164** |
| | | | | |
| Derivative financial liabilities at fair value through profit or loss | - | 469.677 | - | **469.677** |
| Derivative financial liabilities at fair value through other comprehensive income | - | 118.110 | - | **118.110** |
| | | | | |
| **Total Liabilities** | **-** | **587.787** | **-** | **587.787** |

(*) As noted in the footnote VII-d, since the securities representing the share in the capital, which are classified as financial assets at fair value through other comprehensive income, are not traded in organized markets and their fair value cannot be determined reliably, they are reflected in the financial statements at cost less provision for impairment. There are no transfers between 1st and 2nd levels in the current period.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## XI. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued):

### b. Fair value hierarchy (Continued):

| **31 December 2020** | **1st Level** | **2nd Level** | **3rd Level** | **Total** |
|---|---|---|---|---|
| | | | | |
| Financial Assets at Fair Value Through Profit or Loss | 82.857 | 285.662 | - | **368.519** |
| Government Debt Securities | 32.784 | - | - | **32.784** |
| Share Certificates | - | - | - | - |
| Derivative financial assets at fair value through profit or loss | - | 285.662 | - | **285.662** |
| Other Securities | 50.073 | - | - | **50.073** |
| Financial Assets at Fair Value Through other comprehensive income (*) | 399.340 | 7.674 | 9.896 | **416.910** |
| Share Certificates | - | 7.674 | 9.896 | **17.570** |
| Government Debt Securities | 399.340 | - | - | **399.340** |
| Other Securities | - | - | - | - |
| Derivative financial assets at fair value through other comprehensive income | - | 490.425 | - | **490.425** |
| | | | | |
| **Total Assets** | **482.197** | **783.761** | **9.896** | **1.275.854** |
| | | | | |
| Derivative financial liabilities at fair value through profit or loss | - | 400.583 | - | **400.583** |
| Derivative financial liabilities at fair value through other comprehensive income | - | 94.972 | - | **94.972** |
| | | | | |
| **Total Liabilities** | **-** | **495.555** | **-** | **495.555** |

(*) As noted in the footnote VII-d, since the securities representing the share in the capital, which are classified as financial assets at fair value through other comprehensive income, are not traded in organized markets and their fair value cannot be determined reliably, they are reflected in the financial statements at cost less provision for impairment. There are no transfers between 1st and 2nd levels in the current period.

## XII. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PARTIES:

The Bank carries out marketable security trading and custody services on behalf of customers and on their account. The details of items held in custody is given in off-balance sheet commitments.

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

**INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):**

## XIII. EXPLANATIONS ON OPERATING SEGMENTS:

The Parent Bank manages its banking operations through three main business units; Retail banking, corporate and commercial banking and treasury.

Retail banking provides products and services to individual and private customers. Products and services include primarily deposit, loan, automatic payment services, internet banking and other various banking services.

Corporate and commercial banking provides services like loan, deposit, cash management, foreign trade financing, non-cash loans, foreign currency transaction services to customers.

Treasury transactions include fixed income security investments, fund management, foreign currency transactions, money market transactions, derivative transactions and other related services.

### Stated balance sheet and income statement items based on operating segments:

The prior period information is presented as of 31 December 2021 for balance sheet and income statement items.

| 31 December 2021 | Retail Banking | Corporate and Commercial Banking | Treasury | Other and Unclassified (*) | Total Operations of the Bank |
|---|---|---|---|---|---|
| Net Interest Income | 154.349 | 446.646 | (40.823) | 183.063 | 743.235 |
| Net Fees and Commissions | 55 | 33.211 | - | 6.406 | 39.672 |
| Trading Profit/Loss | 32.423 | 6.687 | 159.189 | (18.806) | 179.493 |
| Other Operating Income | 363 | 212.075 | - | 124.903 | 337.341 |
| **Operating Income** | **187.190** | **698.619** | **118.366** | **295.566** | **1.299.741** |
| **Operating Costs (-)** | **127.483** | **437.440** | **52.502** | **299.974** | **917.399** |
| **Net Operating Income** | **59.707** | **261.179** | **65.864** | **(4.408)** | **382.342** |
| Dividend Income | - | - | - | 46 | 46 |
| Income/Loss from subsidiaries based on equity method | - | - | - | - | - |
| **Profit Before Tax** | **59.707** | **261.179** | **65.864** | **(4.362)** | **382.388** |
| Tax Provisions (-) | 14.927 | 65.295 | 16.466 | (19.115) | 77.573 |
| **Net Profit/Loss** | **44.780** | **195.884** | **49.398** | **14.753** | **304.815** |
| | | | | | |
| Segment Assets | 2.937.212 | 25.231.179 | 7.482.947 | 4.626.877 | 40.278.215 |
| Investments in associates, subsidiaries and joint ventures | - | - | - | - | - |
| Unallocated Assets | - | - | - | 1.693.566 | 1.693.566 |
| **Total Assets** | **2.937.212** | **25.231.179** | **7.482.947** | **6.320.443** | **41.971.781** |
| | | | | | |
| Segments Liabilities | 15.374.769 | 8.154.507 | 8.873.548 | 7.094.548 | 39.497.372 |
| Unallocated Liabilities | - | - | - | 2.474.409 | 2.474.409 |
| **Total Liabilities** | **15.374.769** | **8.154.507** | **8.873.548** | **9.568.957** | **41.971.781** |

(*) Other operations include the operations of Burgan Finansal Kiralama A.Ş. and Burgan Yatırım Menkul Değerler A.Ş., which are consolidated as the subsidiaries of the Parent Bank.

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

## INFORMATION RELATED TO THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP ON A CONSOLIDATED BASIS (Continued):

## XIII. EXPLANATIONS ON OPERATING SEGMENTS (Continued):

| **31 December 2020** | **Retail Banking** | **Corporate and Commercial Banking** | **Treasury** | **Other and Unclassified (*)** | **Total Operations of the Bank** |
|---|---|---|---|---|---|
| Net Interest Income | 85.619 | 384.164 | 65.865 | 166.666 | 702.314 |
| Net Fees and Commissions | 1.853 | 30.758 | - | 5.211 | 37.822 |
| Trading Profit/Loss | 25.985 | 3.393 | 75.020 | 3.907 | 108.305 |
| Other Operating Income | 1.500 | 24.197 | - | 38.355 | 64.052 |
| **Operating Income** | **114.957** | **442.512** | **140.885** | **214.139** | **912.493** |
| **Operating Costs (-)** | **93.492** | **444.450** | **39.420** | **619.696** | **1.197.058** |
| **Net Operating Income** | **21.465** | **(1.938)** | **101.465** | **(405.557)** | **(284.565)** |
| Dividend Income | - | - | - | 8 | 8 |
| Income/(Loss) from subsidiaries based on equity method | - | - | - | - | - |
| **Profit Before Tax** | **21.465** | **(1.938)** | **101.465** | **(405.549)** | **(284.557)** |
| Tax Provisions (-) | 4.722 | (426) | 22.322 | (43.761) | (17.143) |
| **Net Profit / Loss** | **16.743** | **(1.512)** | **79.143** | **(361.788)** | **(267.414)** |
| **31 December 2020** | | | | | |
| Segment Assets | 1.876.080 | 16.039.165 | 3.751.459 | 3.901.942 | 25.568.646 |
| Investments in associates, subsidiaries and joint ventures | - | - | - | - | - |
| Unallocated Assets | - | - | - | 908.383 | 908.383 |
| **Total Assets** | **1.876.080** | **16.039.165** | **3.751.459** | **4.810.325** | **26.477.029** |
| | | | | | |
| Segments Liabilities | 11.307.269 | 2.190.886 | 6.440.907 | 4.867.910 | 24.806.972 |
| Unallocated Liabilities | - | - | - | 1.670.057 | 1.670.057 |
| **Total Liabilities** | **11.307.269** | **2.190.886** | **6.440.907** | **6.537.967** | **26.477.029** |

(*) Other operations include non-distributable items of Parent Bank and operations of Burgan Finansal Kiralama A.Ş. and Burgan Yatırım Menkul Değerler A.Ş. which are consolidated as the subsidiaries of the Parent Bank.

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

## SECTION FIVE

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

### I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS:

**a. Information related to cash and the account of The Central Bank of the Republic of Turkey (the "CBRT"):**

1. Information on cash and the account of the CBRT:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| Cash/Foreign currency | 24.317 | 397.942 | 18.805 | 376.722 |
| CBRT | 427.401 | 5.450.020 | 217.995 | 2.637.422 |
| Other | - | 92.171 | - | 19.637 |
| **Total** | **451.718** | **5.940.133** | **236.800** | **3.033.781** |

2. Information on the account of the CBRT:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| Demand Unrestricted Amount | 427.401 | 1.846.171 | 217.995 | 915.591 |
| Time Unrestricted Amount | - | - | - | 136.746 |
| Time Restricted Amount | - | 3.603.849 | - | 1.585.085 |
| **Total** | **427.401** | **5.450.020** | **217.995** | **2.637.422** |

3. Information on reserve requirements:

According to the CBRT's "Communiqué No 2013/15 on Required Reserve", the Bank maintains required reserves at the CBRT for Turkish currency and foreign currency liabilities. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the "Communiqué on Required Reserves" at the CBRT. As of 19 September 2019, no interest is paid on required reserves held in foreign currency. On the other hand, interest is paid to Turkish lira required reserves at rates varying between 8,5% and 14% in order to increase the share of Turkish lira.

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

### b. Information on financial assets at fair value through profit or loss:

1. Financial assets at fair value through profit / loss given as collateral / blocked:

   As of 31 December 2021, there are TL 70 subject to assets given as collateral/blocked to financial assets at fair value through profit or loss (31 December 2020: TL 97)

2. Financial assets at fair value through profit / loss subject to repo transactions:

   As of 31 December 2021, there is no amount subject to repo transactions from financial assets at fair value through profit or loss (31 December 2020: None).

### c. Information on banks:

1. Information on banks:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| **Banks** | | | | |
| Domestic | 233.250 | 6.797 | 25.244 | 60.111 |
| Foreign | - | 316.379 | - | 244.199 |
| Headquarters and Branches Abroad | - | - | - | - |
| **Total** | **233.250** | **323.176** | **25.244** | **304.310** |

2. Information on foreign banks:

| | Unrestricted Amount | | Restricted Amount | |
|---|---|---|---|---|
| | **31 December 2021** | **31 December 2020** | **31 December 2021** | **31 December 2020** |
| EU Countries | 45.070 | 22.626 | - | - |
| USA, Canada | 175.248 | 59.835 | - | - |
| OECD Countries (*) | 89.662 | 160.752 | - | - |
| Off-shore Banking Regions | - | - | - | - |
| Others | 6.399 | 986 | - | - |
| **Total** | **316.379** | **244.199** | **-** | **-** |

(*) OECD countries except EU countries, USA and Canada.

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

### d. Information on financial assets at fair value through other comprehensive income:

1. Financial assets at fair value through other comprehensive income given as collateral:

   As of 31 December 2021, there are TL 388.086 financial assets at fair value through other comprehensive income given as collateral/blocked (31 December 2020: TL 58.080).

2. Financial assets at fair value through other comprehensive income subject to repo transactions:

   There are TL 1.295 financial assets at fair value through other comprehensive income subject to repurchase agreements. (31 December 2020: 3.711).

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

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Debt Securities | 712.965 | 400.296 |
| Quoted on Stock Exchange | 712.965 | 400.296 |
| Not Quoted | - | - |
| Share Certificates | 24.645 | 17.570 |
| Quoted on Stock Exchange | - | - |
| Not Quoted | 24.645 | 17.570 |
| Impairment Provision (-) | 53.460 | 956 |
| **Total** | **684.150** | **416.910** |

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

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

### e. Explanations on loans:

1. Information on all types of loan or advance balances given to shareholders and employees of the Group:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **Cash** | **Non-cash** | **Cash** | **Non-cash** |
| Direct Loans Granted To Shareholders | - | 24.860 | - | 12.944 |
| Corporate Shareholders | - | 24.860 | - | 12.944 |
| Real Person Shareholders | - | - | - | - |
| Indirect Loans Granted To Shareholders | - | - | - | - |
| Loans Granted To Employees | 4.361 | - | 4.238 | - |
| **Total** | **4.361** | **24.860** | **4.238** | **12.944** |

2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled and other receivables:

i.

| | | Loans Under Close Monitoring | | |
|---|---|---|---|---|
| | | | Restructured | |
| **Cash Loans** | **Standard Loans** | **Not Subject to Restructuring** | **With Revised Contract Terms** | **Re-finance** |
| Non-Specialized Loans | 18.828.264 | 1.608.471 | 3.742.286 | - |
| Loans given to enterprises | - | - | - | - |
| Export Loans | 1.530.483 | 716 | - | - |
| Import Loans | - | - | - | - |
| Loans Given to Financial Sector | 1.864.239 | - | - | - |
| Consumer Loans | 223.697 | 8.115 | 6.211 | - |
| Credit Cards | - | - | - | - |
| Other (*) | 15.209.845 | 1.599.640 | 3.736.075 | - |
| Specialized Loans | - | - | - | - |
| Other Receivables (**) | 2.137.212 | 32.330 | 1.239.784 | - |
| **Total** | **20.965.476** | **1.640.801** | **4.982.070** | - |

(*) Standard loans also include Burgan Yatırım's loans given out to clients.
(**) Other receivables include the lease receivables of Burgan Finansal Kiralama A.Ş.

ii.

| | **Standard Loans** | **Loans Under Close Monitoring** |
|---|---|---|
| **General Provisions** | **63.229** | **1.449.315** |
| 12 Month Expected Credit Losses | 63.229 | |
| Significant Increase in Credit Risk | | 1.449.315 |

(*) Finance lease receivables provisions are included in the table.

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

### e. Explanations on loans (Continued):

3. Distribution of Cash Loans according to their maturities:

| | | **Loans Under Close Monitoring** | |
|---|---|---|---|
| | **Standard Loans** | **Loans without Revised Contract Terms** | **Restructured Loans** |
| Short-term Loans | 10.228.695 | 44.646 | 164.652 |
| Medium and Long-term Loans | 10.736.781 | 1.596.155 | 4.817.418 |
| **TOTAL** | **20.965.476** | **1.640.801** | **4.982.070** |

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

4. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

| | Short-term | Medium and Long-term | Total |
|---|---|---|---|
| **Consumer Loans-TL** | **33.413** | **193.202** | **226.615** |
| Real estate loans | - | 41.189 | 41.189 |
| Automotive loans | 494 | 16.695 | 17.189 |
| Consumer loans | 32.919 | 135.318 | 168.237 |
| Other | - | - | - |
| **Consumer Loans-FC Indexed** | - | - | - |
| Real estate loans | - | - | - |
| Automotive loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| **Consumer Loans-FC** | - | **3.806** | **3.806** |
| Real estate loans | - | 3.806 | 3.806 |
| Automotive loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| **Individual Credit Cards-TL** | - | - | - |
| With installments | - | - | - |
| Without installments | - | - | - |
| **Individual Credit Cards-FC** | - | - | - |
| With installments | - | - | - |
| Without installments | - | - | - |
| **Personnel Loans-TL** | **435** | **3.926** | **4.361** |
| Real estate loans | - | - | - |
| Automotive loans | - | - | - |
| Consumer loans | 435 | 3.926 | 4.361 |
| Other | - | - | - |
| **Personnel Loans-FC Indexed** | - | - | - |
| Real estate loans | - | - | - |
| Automotive loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| **Personnel Loans-FC** | - | - | - |
| Real estate loans | - | - | - |
| Automotive loans | - | - | - |
| Consumer loans | - | - | - |
| Other | - | - | - |
| **Personnel Credit Cards-TL** | - | - | - |
| With installments | - | - | - |
| Without installments | - | - | - |
| **Personnel Credit Cards-FC** | - | - | - |
| With installments | - | - | - |
| Without installments | - | - | - |
| **Credit Deposit Account-TL (Real Person)** | **3.241** | - | **3.241** |
| **Credit Deposit Account-FC (Real Person)** | - | - | - |
| **Total** | **37.089** | **200.934** | **238.023** |

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

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

5. Information on commercial installment loans and corporate credit cards:

| | Short-term | Medium and long-term | Total |
|---|---|---|---|
| **Commercial Installments Loans-TL** | **277.320** | **1.096.778** | **1.374.098** |
| Real estate loans | - | - | - |
| Automotive loans | - | 666 | 666 |
| Consumer loans | 277.320 | 1.096.112 | 1.373.432 |
| Other | - | - | - |
| **Commercial Installments Loans-FC Indexed** | **-** | **98.885** | **98.885** |
| Real estate loans | - | - | - |
| Automotive loans | - | - | - |
| Consumer loans | - | 98.885 | 98.885 |
| Other | - | - | - |
| **Commercial Installments Loans-FC** | **-** | **9.662.365** | **9.662.365** |
| Real estate loans | - | - | - |
| Automotive loans | - | - | - |
| Consumer loans | - | 9.662.365 | 9.662.365 |
| Other | - | - | - |
| **Corporate Credit Cards-TL** | **-** | **-** | **-** |
| With installment | - | - | - |
| Without installment | - | - | - |
| **Corporate Credit Cards-FC** | **-** | **-** | **-** |
| With installment | - | - | - |
| Without installment | - | - | - |
| **Credit Deposit Account-TL (Legal Person)** | **8.402** | **-** | **8.402** |
| **Credit Deposit Account-FC (Legal Person)** | **-** | **-** | **-** |
| **Total** | **285.722** | **10.858.028** | **11.143.750** |

6. Loans according to types of borrowers (*):

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Public | - | 182.698 |
| Private | 27.588.347 | 18.372.044 |
| **Total** | **27.588.347** | **18.554.742** |

(*) It includes the "Receivables from Leasing Transactions".

7. Distribution of domestic and foreign loans (*):

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Domestic Loans | 27.512.957 | 18.548.564 |
| Foreign Loans | 75.390 | 6.178 |
| Total | **27.588.347** | **18.554.742** |

(*) It includes the "Receivables from Leasing Transactions".

8. Loans given to investments in associates and subsidiaries:

None (31 December 2020: None).

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

9. Specific provisions provided against loans (*):

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Loans with Limited Collectability | 97.553 | 111.329 |
| Loans with Doubtful Collectability | 108.270 | 318.208 |
| Uncollectible Loans | 676.874 | 316.570 |
| **Total** | **882.697** | **746.107** |

(*) It includes the "Receivables from Leasing Transactions".

10. Information on non-performing loans (Net):

i. Information on loans and other receivables that are restructured or rescheduled by the Parent Bank:

| | III. Group | IV. Group | V. Group |
|---|---|---|---|
| | Loans with limited collectability | Loans with doubtful collectability | Uncollectible loans |
| **31 December 2021** | | | |
| Gross Amounts before the Provisions | - | - | - |
| Restructured Loans | - | 503 | 241.230 |
| **31 December 2020** | | | |
| Gross Amounts before the Provisions | - | - | - |
| Restructured Loans | - | - | 21.343 |

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

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

ii. Information on the movement of total non-performing loans (*):

| | III. Group | IV. Group | V. Group |
|---|---|---|---|
| | **Loans with limited collectability** | **Loans with doubtful collectability** | **Uncollectible loans** |
| **Prior Period End Balance** | **311.541** | **854.162** | **1.082.124** |
| Additions (+) | 794.556 | 10.017 | 19.720 |
| Transfers from Other Categories of Non-performing Loans (+) | - | 376.612 | 1.312.869 |
| Transfers to Other Categories of Non-performing Loans (-) | 793.024 | 896.457 | - |
| Collections (-) | 13.804 | 146.784 | 302.127 |
| Write-offs (-) | - | - | 32.892 |
| Sold Portfolio (-) | - | - | - |
| Corporate and Commercial Loans | - | - | - |
| Consumer Loans | - | - | - |
| Credit Cards | - | - | - |
| Other | - | - | - |
| **Balance at the End of the Period** | **299.269** | **197.550** | **2.079.694** |
| **Provision (-)** | **97.553** | **108.270** | **676.874** |
| **Net Balance on Balance Sheet** | **201.716** | **89.280** | **1.402.820** |

(*) It includes the "Receivables from Leasing Transactions".

iii. Information on non-performing loans granted as foreign currency loans (*) :

| | III. Group | IV. Group | V. Group |
|---|---|---|---|
| | **Loans with limited collectability** | **Loans with doubtful collectability** | **Uncollectible loans** |
| **31 December 2021** | | | |
| Period-End Balance | 12.364 | 45 | 1.166.239 |
| Specific Provision (-) | 1.198 | 26 | 442.156 |
| **Net Balance on balance sheet** | **11.166** | **19** | **724.083** |
| **31 December 2020** | | | |
| Period-End Balance | 255.347 | 747.867 | 474.008 |
| Provision (-) | 103.601 | 280.940 | 139.777 |
| **Net Balance on balance sheet** | **151.746** | **466.927** | **334.231** |

(*) It includes the "Receivables from Leasing Transactions".

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

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

iv. Information regarding gross and net amounts of non-performing loans with respect to user groups (*):

| | **III. Group** | **IV. Group** | **V. Group** |
|---|---|---|---|
| **Current Period (Net)** | **Loans with limited** | **Loans with doubtful** | **Uncollectible loans** |
| Loans Given to Real Persons and Legal Persons (Gross) | **201.716** | **89.280** | **1.402.820** |
| Provision Amount (-) | 4.634 | 194.579 | 1.720.740 |
| Loans Given to Real Persons and Legal Persons (Net) | 915 | 106.636 | 620.070 |
| Banks (Gross) | 3.719 | 87.943 | 1.100.670 |
| Provision Amount (-) | | | |
| Banks (Net) | | | |
| Other Loans (Gross) | - | - | - |
| Provision Amount (-) | 294.635 | 2.971 | 358.954 |
| Other Loans (Net) | 96.638 | 1.634 | 56.804 |
| **Current Period (Net)** | 197.997 | 1.337 | 302.150 |
| **Prior Period (Net)** | **200.211** | **535.954** | **765.555** |
| Loans Given to Real Persons and Legal Persons (Gross) | 223.439 | 782.901 | 865.138 |
| Provision Amount (-) | 98.377 | 294.996 | 276.290 |
| Loans Given to Real Persons and Legal Persons (Net) | 125.062 | 487.905 | 588.848 |
| Banks (Gross) | - | - | - |
| Provision Amount (-) | - | - | - |
| Banks (Net) | - | - | - |
| Other Loans (Gross) | 88.102 | 71.261 | 216.986 |
| Provision Amount (-) | 12.953 | 23.212 | 40.279 |
| Other Loans (Net) | 75.149 | 48.049 | 176.707 |

(*) It includes the "Receivables from Leasing Transactions".

11. Policy followed-up for the collection of uncollectible loans and other receivables:

Uncollectible loans and other receivables are collected through the liquidation of collaterals by legal procedures.

12. Explanations of the write-off policy:

Within the scope of the amendment to the Banking Act, the Regulation on the Classification of Loans and the Procedures and Principles for the provisions to be allocated for them were also amended;

- Classified under Fifth Group-Uncollectible Loans,
- Part of the borrower's default for the lifetime expected credit losses or if there are no reasonable expectations for the recover of loans allocated in specific provision,
- From the first reporting period (interim or year-end reporting period) following their classification in the group,

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

It has been allowed to be written-off from the accounts under TFRS 9.

Accordingly, non-performing loans are tracked in off-balance sheet accounts by writing-off the records. This transaction is an accounting application that allows the transfer of the legal proceeding balance to the off-balance sheet by removing it from asset accounts and not the result of the Bank giving up the right to credit.

It is not compulsory that the entire receivable for collecting from registration has no possibility to collect, but it is possible to remove the part that does not have partial collection possibility from the assets.

In order to write-off any legal proceedings from the account;

- Classified under Fifth Group (Uncollectible Loans),
- 100% provision for the portion of the account balance that will be written-off,
- Either the legal proceedings to be continued or to be started,

must be met.

Provisions allocated for amounts written-off from the accounts are considered "expense" in terms of tax legislation. The write-off process is only an accounting process and will continue the legal proceedings for the collection of the Bank's receivables. After the writing-off process, the balance in the off-balance sheet accounts will be collected for the part of the debt that is written-off from the account in full or part of the collection by agreeing with the borrower and the debtor's request.

As of 31 December 2021, the Parent Bank has written-off liabilities amounting to TL 17.461 (31 December 2020: None).

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

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

### f. Information on the calculation of interest accruals, valuation differences and their provisions for non-performing loans by banks which allocate expected credit losses according to TFRS 9:

| | III. Group: Loans with limited collectability | IV. Group: Loans with doubtful collectability | V. Group: Uncollectible loans |
|---|---|---|---|
| **Current Period (Net)** | **1.155** | **158** | **87.613** |
| Interest Accruals and Valuation Differences | 1.180 | 311 | 146.210 |
| Provision Amount (-) | 25 | 153 | 58.597 |
| **Prior Period (Net)** | **4.918** | **18.023** | **75.319** |
| Interest Accruals and Valuation Differences | 8.766 | 28.553 | 128.608 |
| Provision Amount (-) | 3.848 | 10.530 | 53.289 |

### g. Information on financial assets measured at amortized cost:

1. Information on financial assets measured at amortized cost subject to repurchase agreements:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Bonds | - | - | - | - |
| Bonds and Similar Securities | - | 273.313 | - | 304.621 |
| Other | - | - | - | - |
| **Total** | **-** | **273.313** | **-** | **304.621** |

2. Information on financial assets measured at amortized cost given as collateral/blocked:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Bonds | - | - | - | - |
| Bonds and Similar Securities | - | 750.155 | - | 205.782 |
| Other | - | - | - | - |
| **Total** | **-** | **750.155** | **-** | **205.782** |

3. Information on government debt securities measured at amortized cost:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Government Bond | 1.023.468 | 510.403 |
| Treasury Bond | - | - |
| Other Public Debt Securities | - | - |
| **Total** | **1.023.468** | **510.403** |

4. Information on financial assets measured at amortized cost:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Debt securities | 1.023.468 | 510.403 |
| Publicly-traded | 1.023.468 | 510.403 |
| Not publicly-traded | - | - |
| Provision for impairment (-) | - | - |
| **Total** | **1.023.468** | **510.403** |

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

### g. Information on financial assets measured at amortized cost (Continued):

5. Information on financial assets measured at amortized cost:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Opening balance | 510.403 | 262.923 |
| Foreign exchange differences in monetary assets | 449.660 | 79.706 |
| Purchases during the year | 228.699 | 167.774 |
| Disposals through Sales and Redemptions | 165.294 | - |
| Value decrease equivalent (-) | - | - |
| **Period end balance** | **1.023.468** | **510.403** |

### h. Information on investments in associates (Net):

None. (31 December 2020: None).

### i. Information on subsidiaries (Net):

1. Capital adequacy situation of major subsidiaries:

   The Parent Bank does not need any capitals arising from subsidiaries who inserted capital adequacy standard ratio.

2. Information on unconsolidated subsidiaries:

   None. (31 December 2020: None).

3. Main financial figures of the unconsolidated subsidiaries in order of the below table:

   None. (31 December 2020: None).

4. Information on consolidated subsidiaries:

| | Title | Address (City/ Country) | Bank's share percentage, if different voting percentage (%) | Other shareholders' share percentage (%) |
|---|---|---|---|---|
| **1** | Burgan Finansal Kiralama A.Ş | Istanbul/Turkey | 99,99 | 0,01 |
| **2** | Burgan Yatırım Menkul Değerler A.Ş | Istanbul/Turkey | 100,00 | - |

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

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

### I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

5. Main financial figures of the consolidated subsidiaries in the order of the above table:

| | Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Income from Marketable Securities Portfolio | Current Period Profit / Loss | Prior Period Profit / Loss | Fair value |
|---|---|---|---|---|---|---|---|---|
| 1 | 5.204.124 | 492.525 | 661.123 | 445.543 | - | 68.028 | 17.785 | - |
| 2 | 254.029 | 177.296 | 5.342 | 31.122 | 11 | 22.005 | 13.514 | - |

6. Movement schedules of consolidated subsidiaries:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Balance at the beginning of the Period** | **548.560** | **523.728** |
| **Movements during the Period** | **121.176** | **24.832** |
| Purchases | - | - |
| Bonus Shares Obtained | - | - |
| Dividends from Current Year Income | 90.033 | 31.299 |
| Sales | - | - |
| Revaluation Increase/Decrease (*) | 31.143 | (6.467) |
| Impairment Provision | - | - |
| **Balance at the end of the Period** | **669.736** | **548.560** |
| **Capital Commitments** | - | - |
| **Share Percentage at the end of the Period (%)** | **%99,99** | **%99,99** |

(*) Includes the data before consolidation procedures.

7. Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

| Subsidiaries (*) | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Banks | - | - |
| Insurance Companies | - | - |
| Factoring Companies | - | - |
| Leasing Companies | 569.516 | 470.345 |
| Finance Companies | - | - |
| Other Financial Subsidiaries | 100.220 | 78.215 |
| **Total** | **669.736** | **548.560** |

(*) Includes the data before consolidation procedures.

8. Subsidiaries quoted on stock exchange:

None (31 December 2020: None).

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

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

### j. Information on joint ventures:

None. (31 December 2020: None).

### k. Information on lease receivables (net):

Presentation of financial lease receivables based on their days to maturity:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **Gross** | **Net** | **Gross** | **Net** |
| Less than 1 year | 1.792.138 | 1.517.086 | 1.326.187 | 1.110.828 |
| Between 1-4 years | 1.803.093 | 1.461.408 | 1.571.237 | 1.298.970 |
| More than 4 years | 1.206.371 | 1.087.392 | 909.104 | 798.892 |
| **Total** | **4.801.602** | **4.065.886** | **3.806.528** | **3.208.690** |

### l. Information on derivative financial assets:

1. Information on derivative financial assets at fair value through profit or loss:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| Forward Transactions | 4.974 | 443 | 2.441 | 4.879 |
| Swap Transactions | 1.083.428 | 44.953 | 143.179 | 132.365 |
| Futures Transactions | 1.060 | - | - | - |
| Options | 8.033 | 17.412 | 1.162 | 1.636 |
| Other | - | - | - | - |
| **Total** | **1.097.495** | **62.808** | **146.782** | **138.880** |

2. Information on derivative financial assets at fair value through other comprehensive income:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| Fair Value Hedge | - | - | - | - |
| Cash Flow Hedge | 1.569.017 | 124.700 | 486.117 | 4.308 |
| Foreign Net Investment Hedge | - | - | - | - |
| **Total** | **1.569.017** | **124.700** | **486.117** | **4.308** |

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

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

### m. Information on tangible assets:

| | Immovables | Motor Vehicles | Other Tangible Assets | Total |
|---|---|---|---|---|
| **31 December 2020** | | | | |
| Cost | 33.619 | 440.074 | 197.819 | 671.512 |
| Accumulated depreciation (-) | 5.139 | 10.754 | 82.419 | 98.312 |
| **Net Book Value** | **28.480** | **429.320** | **115.400** | **573.200** |
| **31 December 2021** | | | | |
| Net book value at beginning of the period | 28.480 | 429.320 | 115.400 | 573.200 |
| Additions | - | 290.789 | 40.591 | 331.380 |
| Disposals (-), net | - | 53.232 | 3.754 | 56.986 |
| Impairment | - | - | - | - |
| Depreciation (-) | 1.144 | 8.053 | 35.129 | 44.326 |
| Revaluation Increase | 12.010 | - | - | 12.010 |
| Cost at Period End | 45.629 | 677.665 | 224.745 | 948.039 |
| Accumulated Depreciation at Period End (-) | 6.283 | 18.841 | 107.637 | 132.761 |
| **Closing Net Book Value at Period End** | **39.346** | **658.824** | **117.108** | **815.278** |

| | Immovables | Motor Vehicles | Other Tangible Assets | Total |
|---|---|---|---|---|
| **31 December 2019** | | | | |
| Cost | 32.468 | 165.593 | 230.829 | 428.890 |
| Accumulated depreciation (-) | 5.257 | 16.043 | 85.148 | 106.448 |
| **Net Book Value** | **27.211** | **149.550** | **145.681** | **322.442** |
| **31 December 2020** | | | | |
| Net book value at beginning of the period | 27.211 | 149.550 | 145.681 | 322.442 |
| Additions | - | 288.452 | 13.609 | 302.061 |
| Disposals (-), net | 623 | - | 17.259 | 17.882 |
| Impairment | - | - | - | - |
| Depreciation (-) | 893 | 8.682 | 26.631 | 36.206 |
| Revaluation Increase | 2.785 | - | - | 2.785 |
| Cost at Period End | 33.619 | 440.074 | 197.819 | 671.512 |
| Accumulated Depreciation at Period End (-) | 5.139 | 10.754 | 82.419 | 98.312 |
| **Closing Net Book Value at Period End** | **28.480** | **429.320** | **115.400** | **573.200** |

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):**

**n. Information on intangible assets:**

1. Book value and accumulated depreciation at the beginning and at the end of the period:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Gross Book Value | 153.289 | 130.580 |
| Accumulated Depreciation (-) | 99.878 | 86.957 |
| **Net Book Value** | **53.411** | **43.623** |

2. Information on movements between the beginning and end of the period:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Beginning of the Period** | **43.623** | **38.824** |
| Internally Generated Amounts | 693 | 1.425 |
| Additions due to Mergers, Transfers and Acquisitions | 22.018 | 16.847 |
| Disposals and Sales (-) | - | - |
| Valuation Due to Increase or Decrease in Value Amounts Recorded in the Valuation Fund | - | - |
| Impairment in the Income Statement (-) | - | - |
| Impairment Reversal in the Income Statement | - | - |
| Amortisation (-) | 12.923 | 13.473 |
| Net Foreign Currency Difference From Foreign Investments in Associates | - | - |
| Other Changes in Book Value | - | - |
| **End of the Period** | **53.411** | **43.623** |

**o. Information on investment properties:**

None (31 December 2020: None).

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

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

### I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

#### p. Information on deferred tax asset:

As of 31 December 2021, the Group has netted-off the calculated deferred tax asset of TL 570.247 (31 December 2020: TL 208.278) and deferred tax liability of TL 559.271 (31 December 2020: TL 89.518) on the basis of company in accordance with TAS 12 and has recorded a net deferred tax asset of TL 24.416 (31 December 2020: TL 118.760 net deferred tax asset) and a net deferred liability of TL 13.440 (31 December 2020: None) in the financial statements.

As of 31 December 2021 and 31 December 2020, the accumulated temporary differences and the detail of the deferred tax assets/liabilities are as follows:

| | **Accumulated Temporary Differences** | | **Deferred Tax Assets/Liabilities** | |
|---|---|---|---|---|
| | **31 December 2021** | **31 December 2020** | **31 December 2021** | **31 December 2020** |
| Carried Financial Loss | 994.250 | - | 222.001 | - |
| Provision for Legal Cases | 8.023 | 22.211 | 1.605 | 4.442 |
| General Provisions and Other Provisions | 1.561.919 | 939.644 | 327.738 | 187.929 |
| Reserve for Employee Rights | 41.145 | 28.228 | 8.504 | 5.646 |
| Unearned Revenue | 17.598 | 28.370 | 3.498 | 5.674 |
| Other | 33.808 | 22.937 | 6.901 | 4.587 |
| **Deferred Tax Assets** | **2.656.743** | **1.041.390** | **570.247** | **208.278** |
| | | | | |
| Difference Between Book Value and Tax Base of Tangible and Intangible Assets | 269.828 | 131.212 | 50.468 | 23.637 |
| Valuation Differences of Derivative Instruments | 2.287.329 | 313.883 | 505.992 | 62.777 |
| Other | 13.751 | 15.520 | 2.811 | 3.104 |
| **Deferred Tax Liabilities** | **2.570.908** | **460.615** | **559.271** | **89.518** |
| | | | | |
| **Deferred Tax Assets/(Liabilities) (Net)** | | | **10.976** | **118.760** |

The deferred tax asset/liability summary is as follows:

| | **31 December 2021** | **31 December 2020** |
|---|---|---|
| **Balance as of 1 January** | **118.760** | **65.844** |
| Current year deferred tax income/(expense), net | (72.289) | 60.697 |
| Deferred tax charged to equity, net | (35.495) | (7.781) |
| **Balance at the End of the Period** | **10.976** | **118.760** |

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

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

## I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued):

### r. Information on assets held for resale and discontinued operations:

The Group has assets held for resale amounting to TL 1.039.012 (31 December 2020: TL 613.988) and has no discontinued operations.

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Prior Period** | | |
| Cost | 614.352 | 409.843 |
| Accumulated Depreciation (-) | 364 | 428 |
| **Net Book Value** | **613.988** | **409.415** |
| **Current Period** | | |
| Net book value at beginning of the period | 613.988 | 409.415 |
| Additions | 732.142 | 289.199 |
| Disposals (-), net | 307.118 | 84.260 |
| Impairment (-) | - | 366 |
| Depreciation (-) | - | - |
| Cost at the End of the Period | 1.039.357 | 614.352 |
| Accumulated Depreciation at the End of the Period (-) | 345 | 364 |
| **Closing Net Book Value** | **1.039.012** | **613.988** |

### s. Information on other assets:

Other assets amount to TL 579.524 (31 December 2020: TL 306.892) and does not exceed 10% of the total assets excluding off-balance sheet commitments.

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

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

## II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES:

### a. Information on deposits:

1. Information on maturity structure of deposits:

i. 31 December 2021:

| | Demand | With 7 days notifications | Up to 1 month | 1-3 months | 3-6 months | 6 months -1 year | 1 year and over | Accumulated Deposit | Total |
|---|---|---|---|---|---|---|---|---|---|
| Saving Deposits | 102.395 | - | 1.197.441 | 2.107.701 | 261.003 | 158.750 | 495.280 | - | **4.322.570** |
| Foreign Currency Deposits | 2.367.562 | - | 2.654.597 | 12.154.085 | 405.256 | 54.718 | 59.910 | - | **17.696.128** |
| Residents in Turkey | 2.314.406 | - | 2.646.367 | 12.060.532 | 400.864 | 39.560 | 46.320 | - | **17.508.049** |
| Residents Abroad | 53.156 | - | 8.230 | 93.553 | 4.392 | 15.158 | 13.590 | - | **188.079** |
| Public Sector Deposits | 188.844 | - | - | - | - | - | - | - | **188.844** |
| Commercial Deposits | 815.663 | - | 254.569 | 325.818 | 28.926 | 89.712 | 22.582 | - | **1.537.270** |
| Other Institutions Deposits | 2.168 | - | 2.070 | 4.453 | 14 | 3.941 | 2.165 | - | **14.811** |
| Precious Metal Deposits | 105.679 | - | - | - | - | - | - | - | **105.679** |
| Bank Deposits | 23.981 | - | 459.851 | 14.041 | - | - | - | - | **497.873** |
| The CBRT | - | - | - | - | - | - | - | - | - |
| Domestic Banks | 691 | - | 459.851 | 14.041 | - | - | - | - | **474.583** |
| Foreign Banks | 23.290 | - | - | - | - | - | - | - | **23.290** |
| Special Financial Institutions | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| **Total** | **3.606.292** | - | **4.568.528** | **14.606.098** | **695.199** | **307.121** | **579.937** | - | **24.363.175** |

ii. 31 December 2020:

| | Demand | With 7 days notifications | Up to 1 month | 1-3 months | 3-6 months | 6 months -1 year | 1 year and over | Accumulated Deposit | Total |
|---|---|---|---|---|---|---|---|---|---|
| Saving Deposits | 64.374 | - | 408.687 | 2.463.424 | 120.609 | 36.776 | 128.231 | 4 | **3.222.105** |
| Foreign Currency Deposits | 642.042 | - | 665.370 | 7.961.569 | 279.388 | 57.809 | 59.593 | - | **9.665.771** |
| Residents in Turkey | 607.430 | - | 614.103 | 7.877.919 | 273.774 | 56.527 | 39.673 | - | **9.469.426** |
| Residents Abroad | 34.612 | - | 51.267 | 83.650 | 5.614 | 1.282 | 19.920 | - | **196.345** |
| Public Sector Deposits | 28.353 | - | - | - | - | - | - | - | **28.353** |
| Commercial Deposits | 95.249 | - | 144.333 | 463.169 | 86 | 2.676 | 175 | - | **705.688** |
| Other Institutions Deposits | 1.820 | - | 32.035 | 4.797 | 352 | - | 30.097 | - | **69.101** |
| Precious Metal Deposits | 19.364 | - | - | - | - | - | - | - | **19.364** |
| Bank Deposits | 26.979 | - | 37.097 | 72.990 | - | - | - | - | **137.066** |
| The CBRT | - | - | - | - | - | - | - | - | - |
| Domestic Banks | 1.097 | - | 37.097 | - | - | - | - | - | **38.194** |
| Foreign Banks | 25.882 | - | - | 72.990 | - | - | - | - | **98.872** |
| Special Financial Institutions | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| **Total** | **878.181** | - | **1.287.522** | **10.965.949** | **400.435** | **97.261** | **218.096** | **4** | **13.847.448** |

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):**

2. Information on saving deposits insurance:

i. Information on saving deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund:

| | Under the guarantee of deposit insurance | | Exceeding limit of the deposit insurance | |
|---|---|---|---|---|
| **Saving Deposits** | **31 December 2021** | **31 December 2020** | **31 December 2021** | **31 December 2020** |
| Saving Deposits | 1.399.356 | 1.276.718 | 2.923.214 | 1.945.387 |
| Foreign Currency Savings Deposit | 942.872 | 756.960 | 9.375.416 | 5.472.613 |
| Other Deposits in the Form of Savings Deposits | 41.870 | 5.956 | 63.809 | 13.408 |
| Foreign Branches' Deposits Under Foreign Authorities' Insurance | - | - | - | - |
| Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance | - | - | - | - |
| **Total** | **2.384.098** | **2.039.634** | **12.362.439** | **7.431.408** |

ii. There are no deposits covered under foreign authorities' insurance since the Parent Bank is incorporated in Turkey.

3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

| | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Deposits and Other Accounts in Foreign Branches | - | - |
| Deposits and Other Accounts of Main Shareholders and their Families | - | - |
| Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families | 10.771 | 16.763 |
| Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 "TCK" Dated 26/9/2004 | - | - |
| Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations | - | - |
| **Total** | **10.771** | **16.763** |

**b. Information on derivative financial liabilities at fair value through profit or loss:**

None (31 December 2020: None).

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

### c. Information on borrowings:

1. Information on banks and other financial institutions:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| The CBRT Borrowings | - | - | - | - |
| From Domestic Banks and Institutions | 182.243 | 144.463 | 495.281 | 623.197 |
| From Foreign Banks, Institutions and Funds | - | 7.942.549 | - | 5.540.374 |
| **Total** | **182.243** | **8.087.012** | **495.281** | **6.163.571** |

2. Information on maturity structure of borrowings:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| Short-term | 26.935 | 700.782 | 349.350 | 1.976.580 |
| Medium and Long-term | 155.308 | 7.386.230 | 145.931 | 4.186.991 |
| **Total** | **182.243** | **8.087.012** | **495.281** | **6.163.571** |

3. Additional information on the major concentration of the Group's liabilities:

The Group's main funding sources are deposits and borrowings. As of 31 December 2021, deposits and borrowings from Group's risk group comprise 0,5% (31 December 2020: 1,4%) of total deposits. Besides this, borrowings from Group's risk group comprise 53,4% (31 December 2020: 62,1%) of subordinated and other borrowings.

### d. Information on marketable securities issued:

None (31 December 2020: None).

### e. Information on other foreign liabilities:

Other foreign liabilities amounting to TL 2.252.111 (31 December 2020: TL 824.722) do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

### f. Information on lease payables:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **Gross** | **Net** | **Gross** | **Net** |
| Less than 1 year | 1.627 | 1.381 | 1.637 | 1.458 |
| Between 1-4 years | 67.451 | 55.427 | 21.405 | 17.162 |
| More than 4 years | 27.610 | 19.252 | 79.897 | 58.482 |
| **Total** | **96.688** | **76.060** | **102.939** | **77.102** |

### g. Information on derivative financial liabilities:

1. Information on derivative financial liabilities at fair value through profit or loss:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| **Trading Derivative Financial Liabilities** | **TL** | **FC** | **TL** | **FC** |
| Forward Transactions | 10.211 | 2.618 | 1.907 | 1.916 |
| Swap Transactions | 415.683 | 32.921 | 173.833 | 220.863 |
| Futures Transactions | 3.465 | - | - | - |
| Options | - | 4.779 | - | 2.064 |
| Other | - | - | - | - |
| **Total** | **429.359** | **40.318** | **175.740** | **224.843** |

2. Information on derivative financial liabilities at fair value through other comprehensive income:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| Fair Value Hedge | - | - | - | - |
| Cash Flow Hedge | 87.382 | 30.728 | 56.399 | 38.573 |
| Foreign Net Investment Hedge | - | - | - | - |
| **Total** | **87.382** | **30.728** | **56.399** | **38.573** |

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

### h. Information on provisions:

1. Information on reserve for employment termination benefits:

Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have been working more than one year, when employment is terminated due to obligatory reasons or they retire, when they have fulfilled 25 working years (women 20) and are eligible for retirement (for women 58 years, for men 60 years), when they have been called up for military service or when they die. After the amendment of legislation on 23 May 2002, some of the transition process articles related to the working period before retirement were enacted.

The payment amount that is one month's salary for each working year is restricted to TL 10.848,59 since 1 January 2022 (31 December 2020: TL 7.117,17). Employee termination benefits are not funded, as there is no funding requirement.

In accordance with Turkish Labour Law, the reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of its employees. TAS 19 necessitates the actuarial valuation methods to calculate liabilities of enterprises. Independent actuaries are used in determining the liability of the Group. There are assumptions in the calculation as discount rate, employee turnover and expected salary increases. In this context, the following actuarial assumptions were used in the calculation of total liabilities:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Discount rate (%) | 3,33 | 3,01 |
| Salary increase rate (%) | 17,20 | 9,50 |
| Average remaining work period (Year) | 11,60 | 11,22 |

Movement of reserve for employment termination benefits during the period:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Prior Period End Balance | 23.621 | 19.641 |
| Service cost | 3.409 | 3.551 |
| Interest cost | 2.607 | 1.996 |
| Settlement cost | (2.396) | 76 |
| Actuarial loss/gain | 5.571 | 396 |
| Benefits paid (-) | 2.387 | 2.039 |
| **Balance at the end of the period** | **30.425** | **23.621** |

In addition, as of 31 December 2021 the Group has accounted for vacation rights provision and personnel bonus provision amounting to TL 47.058. (31 December 2020: TL 18.376).

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

2. Other provisions:

i. Information on provisions related with foreign currency difference of foreign indexed loans:

The provisions related to foreign currency differences of foreign indexed loans calculated as of the balance sheet date have been netted-off from the loan amount in the financial statements, and there is no the provision related to foreign currency differences of foreign indexed loans. (31 December 2020: None).

ii. Information on other provisions:

The Group has set aside under other provisions amounting to TL 138.622 (31 December 2020: TL: 195.000), TL 30.902 (31 December 2020: TL 68.408) for provisions for non-cash loans that are not converted to cash and are not indemnified and there is other provision TL 8.023 period (31 December 2020: TL 38.381).

### i. Information on taxes payable:

1. Information on tax provision:

As of 31 December 2021, corporate tax provision is TL 1.515 (31 December 2020: TL 26.132).

2. Information on taxes payable:

| | **31 December 2021** | **31 December 2020** |
|---|---|---|
| Corporate Tax Payable | 1.515 | 26.132 |
| Taxation of Marketable Securities | 10.011 | 8.958 |
| Property Tax | 87 | 36 |
| Banking Insurance Transaction Tax | 24.698 | 12.305 |
| Foreign Exchange Transaction Tax | 3.110 | 237 |
| Value Added Tax Payable | 9.985 | 706 |
| Other | 5.599 | 4.367 |
| **Total** | **55.005** | **52.741** |

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

3. Information on premium payables:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Social Security Premiums-Employee | 2.062 | 1.974 |
| Social Security Premiums-Employer | 2.472 | 2.092 |
| Bank Social Aid Pension Fund Premiums-Employee | - | - |
| Bank Social Aid Pension Fund Premiums-Employer | - | - |
| Pension Fund Membership Fee and Provisions-Employee | - | - |
| Pension Fund Membership Fee and Provisions-Employer | - | - |
| Unemployment Insurance-Employee | 141 | 119 |
| Unemployment Insurance-Employer | 283 | 237 |
| Other | 570 | 300 |
| **Total** | **5.528** | **4.722** |

4. Explanations on deferred tax assets/liability:

As of 31 December 2021, the Group has netted-off the calculated deferred tax asset of TL 570.247 (31 December 2020: TL 208.278) and tax liability of TL 559.271 (31 December 2020: TL 89.518) on a company basis in accordance with TAS 12 and has recorded a net deferred tax asset of TL 24.416 (31 December 2020: TL 118.760 net deferred tax asset) and a net deferred liability of TL 13.440 (31 December 2020: TL None) in the financial statements.

**j. Information on payables for assets held for resale and discontinued operations:**

None (31 December 2020: None).

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

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

## II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

### k. Information on subordinated loans:

Detailed explanation on subordinated loans including quantity, maturity, interest rate, issuing institution, option to be converted into stock certificate:

| Issuing Institution | Amount | Opening Date | Maturity Date | Interest Rate (%) |
|---|---|---|---|---|
| Burgan Bank K.P.S.C. (Main Shareholder) | USD 200.000.000 | 16 August 2021 | 18 August 2031 | LIBOR+4,25 |
| Burgan Bank K.P.S.C. (Main Shareholder) | USD 50.000.000 | 22 February 2021 | Indefinite | - |

The subordinated loan does not have the option to be converted into stock certificate.

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Domestic Banks | - | - | - | - |
| Other Domestic | - | - | - | - |
| Foreign Banks | - | 3.347.213 | - | 2.228.521 |
| Other Foreign | - | - | - | - |
| **Total** | - | **3.347.213** | - | **2.228.521** |

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| **Debt Instruments Subject to Common Equity** | - | **666.450** | - | - |
| Subordinated Loans | - | 666.450 | - | - |
| Subordinated Debt Instruments | - | - | - | - |
| **Debt Instruments Subject to Tier 2 Equity** | - | **2.680.763** | - | **2.228.521** |
| Subordinated Loans | - | 2.680.763 | - | 2.228.521 |
| Subordinated Debt Instruments | - | - | - | - |
| **Total** | - | **3.347.213** | - | **2.228.521** |

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

### l. Information on shareholders' equity:

1. Presentation of paid-in capital:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Common Stock | 1.890.000 | 1.535.000 |
| Preferred Stock | - | - |

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

| Capital System | Paid-in Capital | Ceiling |
|---|---|---|
| Registered Capital | 1.890.000 | 4.000.000 |

3. Other information on the share capital increases during the period and their sources:

| Increase Date | Increase Amount | Cash | Profit Reserves Subject to Increase | Capital Reserves Subject to Increase |
|---|---|---|---|---|
| 31.03.2021 | 355.000 | 355.000 | - | - |

(*) In accordance with the Decision of the Board of Directors of the Bank dated 24 February 2021 and numbered 2021/06, the required permission was obtained from Banking Regulation and Supervision Agency regarding increasing the capital amounting to TL 1.535.000.000 by TL 355.000.000 to TL 1.890.000.000, being within the limit of registered capital ceiling amounting to TL 4.000.000.000, and it was notified that there is no objection for consummation of transactions regarding the capital increase. In this context, the capital amount provided by the shareholders were transferred to the paid-in capital account and it is registered and announced in the Turkish Trade Registry Gazette dated 21 April 2021 and numbered 10314. (Amounts in Full TL)

4. Information on capital increases from capital reserves during the current period:

   None.

5. Information on capital commitments, up until the end of the fiscal year and the subsequent period:

   None.

6. Information on equity by considering the prior period indicatiors of income, profitability and liquidity of the Parent Bank and its Subsidiaries and the uncertainities on these indicators:

   The interest, liquidity and foreign exchange risk on on-balance sheet and off-balance sheet assets and liabilities are managed by the Parent Bank and its Subsidiaries within several risk limits and legal limits.

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued):

7. Information on privileges given to shares representing the capital:

Based on the Principal Agreement, the Parent Bank has 1.000.000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

8. Information on marketable securities valuation reserve:

| | **31 December 2021** | | **31 December 2020** | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| From Investments in Associates, Subsidiaries, and Joint Ventures | - | - | - | - |
| Valuation Difference | (45.308) | (6.898) | (1.541) | 5.133 |
| Foreign Currency Translation Difference | - | - | - | - |
| **Total** | **(45.308)** | **(6.898)** | **(1.541)** | **5.133** |

9. Information on tangible assets revaluation reserve:

| | **31 December 2021** | | **31 December 2020** | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| Movables | - | - | - | - |
| Immovables | 34.176 | - | 23.452 | - |
| Common Stocks of Investments in Associates, Subsidiaries that will be added to the Capital and Sales Income from Immovables | 1.413 | - | 1.413 | - |

(*) Classified under other capital reserves.

10. Information on distribution of prior year's profit:

According to the General Assembly meeting decision on 26 March 2021, the loss amounting to TL 267.414 for 2020, including the effects of TAS 27 has been classified in extraordinary reserves account.

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS:

### a. Information on off-balance sheet commitments:

1. The amount and type of irrevocable commitments:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Foreign currency buy/sell commitments | 1.912.509 | 1.704.275 |
| Loan limit commitments | 295.348 | 196.854 |
| Commitments for cheques | 81.744 | 72.695 |
| Blocked checks issued to customers | 80.701 | - |
| Forward deposit buy/sell commitments | - | 136.746 |
| Forward securities commitments | - | 14.986 |
| **Total** | **2.370.302** | **2.125.556** |

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

There are no probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments".

i. Non-cash loans including guarantees, bank avalized and acceptance loans, collaterals that are accepted as financial commitments and other letters of credit:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Letter of guarantees | 3.088.188 | 2.554.181 |
| Letter of credits | 2.515.966 | 1.117.312 |
| Bank acceptance loans | 209.466 | 171.038 |
| Other guarantees | 1.232.930 | 1.329.236 |
| **Total** | **7.046.550** | **5.171.767** |

ii. Revocable, irrevocable guarantees, contingencies and other similar guarantees:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Irrevocable letters of guarantee | 1.224.502 | 835.017 | 727.790 | 725.036 |
| Revocable letters of guarantee | 88.702 | 12.375 | 58.393 | 4.576 |
| Letters of guarantee given in advance | 23.881 | 255.103 | 17.904 | 394.099 |
| Guarantees given to customs | 14.101 | 156.374 | 28.924 | 94.492 |
| Other letters of guarantee | 241.806 | 236.327 | 159.134 | 343.833 |
| **Total** | **1.592.992** | **1.495.196** | **992.145** | **1.562.036** |

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS (Continued):**

3. i. Total amount of non-cash loans:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Non-cash loans given against cash loans | 1.612.262 | 1.812.420 |
| With original maturity of 1 year or less than 1 year | - | - |
| With original maturity of more than 1 year | 1.612.262 | 1.812.420 |
| Other non-cash loans | 5.434.288 | 3.359.347 |
| **Total** | **7.046.550** | **5.171.767** |

ii. Information on sectoral concentration of non-cash loans:

| | 31 December 2021 | | | | 31 December 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | TL | (%) | FC | (%) | TL | (%) | FC | (%) |
| **Agricultural** | **83.047** | **3,37** | **265.762** | **7,26** | **33.422** | **3,37** | **303.559** | **7,26** |
| Farming and Livestock | 82.797 | 3,35 | 261.003 | 7,26 | 33.193 | 3,35 | 303.318 | 7,26 |
| Forestry | 21 | 0,00 | 4.759 | 0,00 | - | 0,00 | - | 0,00 |
| Fishing | 229 | 0,02 | - | 0,01 | 229 | 0,02 | 241 | 0,01 |
| **Manufacturing** | **549.631** | **26,39** | **3.432.167** | **60,44** | **231.163** | **23,30** | **2.401.940** | **57,47** |
| Mining | 10.728 | 2,68 | 267 | 0,02 | 10.351 | 1,04 | 148 | 0,00 |
| Production | 482.371 | 19,74 | 3.399.134 | 59,91 | 183.999 | 18,55 | 2.394.903 | 57,30 |
| Electric, Gas, Water | 56.532 | 3,96 | 32.766 | 0,52 | 36.813 | 3,71 | 6.889 | 0,16 |
| **Construction** | **161.808** | **12,02** | **157.447** | **10,66** | **115.217** | **11,61** | **443.914** | **10,62** |
| **Services** | **848.167** | **54,46** | **1.523.620** | **21,45** | **578.627** | **58,32** | **1.029.222** | **24,62** |
| Wholesale and Retail Trade | 459.962 | 20,00 | 421.063 | 7,90 | 218.397 | 22,01 | 469.532 | 11,23 |
| Hotel and Food Services | 4.734 | 0,07 | - | 1,28 | 478 | 0,05 | 53.604 | 1,28 |
| Transportation and Telecommunication | 41.674 | 4,74 | 79.426 | 3,98 | 48.423 | 4,88 | 167.061 | 4,00 |
| Financial Institutions | 317.436 | 27,77 | 840.864 | 5,62 | 290.507 | 29,28 | 223.585 | 5,35 |
| Real Estate and Leasing Ser. | 23.837 | 1,82 | 179.189 | 2,64 | 18.456 | 1,86 | 114.249 | 2,73 |
| Professional Services | 112 | 0,01 | 3.078 | 0,03 | 30 | 0,00 | 1.191 | 0,03 |
| Education Services | - | 0,00 | - | 0,00 | 40 | 0,00 | - | 0,00 |
| Health and Social Services | 412 | 0,04 | - | 0,00 | 2.296 | 0,23 | - | 0,00 |
| **Other** | **22.339** | **3,77** | **2.562** | **0,18** | **33.716** | **3,40** | **987** | **0,02** |
| **Total** | **1.664.992** | **100,00** | **5.381.558** | **100,00** | **992.145** | **100,00** | **4.179.622** | **100,00** |

iii. Information on non-cash loans classified in 1st and 2nd group:

| | Group I | | Group II | |
|---|---|---|---|---|
| **Current Period (*)** | **TL** | **FC** | **TL** | **FC** |
| Letters of Guarantee | 1.573.079 | 1.438.035 | 10.246 | 30.502 |
| Bank Acceptances | - | 209.466 | - | - |
| Letters of Credit | - | 2.513.693 | - | - |
| Endorsements | - | - | - | - |
| Securities Issuance Guarantees | - | - | - | - |
| Factoring Guarantees | - | - | - | - |
| Other Commitments and Contingencies | 72.000 | 1.160.930 | - | - |
| **Total** | **1.645.079** | **5.322.124** | **10.246** | **30.502** |

(*) In addition to non-cash loans stated above, the Group has non-cash loans classified as non-performing loans, amounting to TL 38.599. As of 31 December 2021, the Group has allocated provisions amounting to TL 18.546 provision regarding these risks.

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS (Continued):**

**b. Information on derivative financial instruments:**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Types of Trading Transactions** | | |
| **Foreign currency related derivative transactions (I)** | **32.663.543** | **22.277.553** |
| Currency forward transactions | 496.851 | 188.962 |
| Currency swap transactions | 28.637.871 | 20.605.523 |
| Futures transactions | 277.980 | - |
| Options | 3.250.841 | 1.483.068 |
| **Interest related derivative transactions (II)** | **7.995.920** | **6.823.442** |
| Forward rate agreements | - | - |
| Interest rate swaps | 7.995.920 | 6.823.442 |
| Interest rate options | - | - |
| Interest rate futures | - | - |
| **Other trading derivative transactions (III)** | - | - |
| **A. Total trading derivative transactions (I+II+III)** | **40.659.463** | **29.100.995** |
| | | |
| **Types of hedging transactions** | **17.265.434** | **7.854.017** |
| Fair value hedges | - | - |
| Cash flow hedges | 17.265.434 | 7.854.017 |
| Foreign currency investment hedges | - | - |
| **B. Total hedging related derivatives** | **17.265.434** | **7.854.017** |
| **Total derivative transactions (A+B)** | **57.924.897** | **36.955.012** |

**c. Information on contingent assets and contingent liabilities:**

As of 31 December 2021, the total amount of legal cases against the Group is TL 25.843 (31 December 2020: TL 40.697) and the Group sets aside a provision of TL 7.579 (31 December 2020: TL 2.211) regarding these risks.

**d. Brief information on the Bank's rating given by International Rating Institutions:**

**FITCH (24 January 2022)**

| | |
|---|---|
| **Outlook** | Stable |
| **Long Term FC** | B+ |
| **Short Term FC** | B |
| **Long Term TL** | BB- |
| **Short Term TL** | B |
| **Support Rating** | b+ |
| **National Rating** | AA (tur) |
| **Viability Rating** | b- |

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT:

### a. Information on interest income:

1. Information on interest income on loans :

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| **Interest Income on Loans (*)** | **TL** | FC | **TL** | **FC** |
| Short-term Loans | 872.949 | 29.793 | 321.491 | 51.027 |
| Medium/Long-term Loans | 384.923 | 497.759 | 352.377 | 535.924 |
| Interest on Loans Under Follow-up | 47.570 | - | 13.997 | - |
| Premiums Received from Resource Utilization Support Fund | - | - | - | - |
| **Total** | **1.305.442** | **527.552** | **687.865** | **586.951** |

(*) Includes fee and commission income related with cash loans.

2. Information on interest income on banks:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| From the CBRT | 860 | - | 229 | 71 |
| From Domestic Banks | 49.753 | 427 | 25.147 | 419 |
| From Foreign Banks | - | 400 | - | 1.285 |
| Headquarters and Branches Abroad | - | - | - | - |
| **Total** | **50.613** | **827** | **25.376** | **1.775** |

3. Information on marketable securities:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| Financial Assets Measured at Fair Value Through Profit/Loss | 501 | 1.530 | 150 | 1.559 |
| Financial Assets Measured at Fair Value Through Other Comprehensive Income | 57.886 | 3.404 | 25.781 | 5.470 |
| Financial Assets Measured at Amortized Cost | - | 44.564 | - | 26.285 |
| **Total** | **58.387** | **49.498** | **25.931** | **33.314** |

4. Information on interest income received from investments in associates and subsidiaries:

None (31 December 2020: None).

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT (Continued):**

**b. Information on interest expense:**

1. Information on interest expense on borrowings:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **TL** | **FC** | **TL** | **FC** |
| **Banks** | **57.112** | **247.943** | **49.082** | **267.367** |
| The CBRT | - | - | - | - |
| Domestic Banks | 57.112 | 807 | 49.082 | 470 |
| Foreign Banks | - | 247.136 | - | 266.897 |
| Headquarters and Branches Abroad | - | - | - | - |
| **Other Institutions** | **-** | **4.277** | **-** | **8.646** |
| **Total (*)** | **57.112** | **252.220** | **49.082** | **276.013** |

(*) Includes fee and commission expense related with cash loans.

2. Information on interest expense given to investments in associates and subsidiaries:

None (31 December 2020: None).

3. Information on interest expense on issued securities:

None (31 December 2020: None).

4. Information on interest rate and maturity structure of deposits:

| | | Time Deposit | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Current Period** | **Demand Deposit** | **Up to 1 Month** | **Up to 3 Months** | **Up to 6 Months** | **Up to 1 Year** | **Over 1 Year** | **Accum. Deposit** | **Total** | **Prior Period Total** |
| **TL** | | | | | | | | | |
| Bank Deposits | - | 1.101 | - | - | - | - | - | 1.101 | 2.005 |
| Savings Deposits | - | 144.919 | 483.031 | 32.728 | 28.139 | 72.433 | - | 761.250 | 354.374 |
| Public Deposits | - | - | - | - | - | - | - | - | 3 |
| Commercial Deposits | - | 30.335 | 73.820 | 3.736 | 10.096 | 3.289 | - | 121.276 | 28.567 |
| Other Deposits | - | 663 | 18.292 | 34 | 327 | 5.643 | - | 24.959 | 3.750 |
| 7 Day Notice Deposits | - | - | - | - | - | - | - | - | - |
| **Total** | **-** | **177.018** | **575.143** | **36.498** | **38.562** | **81.365** | **-** | **908.586** | **388.699** |
| **FC** | | | | | | | | - | |
| Foreign Currency Account | - | 10.217 | 117.029 | 5.979 | 1.664 | 1.083 | - | 135.972 | 146.267 |
| Bank Deposits | - | 1.347 | - | - | - | - | - | 1.347 | 2.069 |
| 7 Day Notice Deposits | - | - | - | - | - | - | - | - | - |
| Precious Metal Deposits | - | - | - | - | - | - | - | - | - |
| **Total** | **-** | **11.564** | **117.029** | **5.979** | **1.664** | **1.083** | **-** | **137.319** | **148.336** |
| **Grand Total** | **-** | **188.582** | **692.172** | **42.477** | **40.226** | **82.448** | **-** | **1.045.905** | **537.035** |

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT (Continued):**

**c. Information on dividend income:**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Financial Assets at Fair Value through Profit/Loss | - | - |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 46 | 8 |
| Other | - | - |
| **Total** | **46** | **8** |

**d. Information on trading loss/income (Net):**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Income** | **68.203.045** | **33.983.419** |
| Capital Market Transactions | 44.433 | 44.193 |
| Derivative Financial Transactions | 1.188.649 | 293.584 |
| Foreign Exchange Gains | 66.969.963 | 33.645.642 |
| **Loss (-)** | **68.023.552** | **33.875.114** |
| Capital Market Transactions | 13.822 | 6.233 |
| Derivative Financial Transactions | 1.196.436 | 315.863 |
| Foreign Exchange Losses | 66.813.294 | 33.553.018 |
| **Net Income/Loss** | **179.493** | **108.305** |

**e. Information on other operating income:**

The Group's other operating income in the period ended 31 December 2021 consists of adjustment account of the prior years' income and other operating income.

**f. Expected loss provisions and other provision expenses:**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Expected Credit Loss** | **309.356** | **482.190** |
| 12 Month Expected Credit Loss (Stage 1) | 17.592 | - |
| Significant Increase in Credit Risk (Stage 2) | 148.968 | 70.017 |
| Non-performing Loans (Stage 3) | 142.796 | 412.173 |
| **Marketable Securities Impairment Expense** | - | - |
| Financial Assets at Fair Value through Profit or Loss | - | - |
| Financial Assets at Fair Value through Other Comprehensive Income | - | - |
| **Investments in Associates, Subsidiaries and Joint Ventures Impairment Provision** | - | - |
| Investments in Associates | - | - |
| Subsidiaries | - | - |
| Joint Ventures | - | - |
| **Other** | - | **218.808** |
| **Total** | **309.356** | **700.998** |

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT (Continued):

### g. Information related to other operating expenses:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Reserve For Employee Termination Benefits (*) | 4.872 | 5.900 |
| Bank Social Aid Pension Fund Deficit Provision | - | - |
| Impairment Expenses of Tangible Assets | - | - |
| Depreciation Expenses of Tangible Assets | 44.326 | 36.206 |
| Impairment Expenses of Intangible Assets | - | - |
| Goodwill Impairment Expense | - | - |
| Depreciation Expenses of Intangible Assets | 12.923 | 13.473 |
| Impairment Expenses of Equity Participations for which Equity Method is Applied | - | - |
| Impairment Expenses of Assets Held For Resale | - | 366 |
| Depreciation Expenses of Assets Held for Resale | - | - |
| Impairment Expenses of Fixed Assets Held for Sale and Discontinued Operations | - | - |
| Other Operating Expenses | 215.524 | 169.113 |
| Leasing expenses related to TFRS 16 exceptions | 2.334 | 1.940 |
| Maintenance Expenses | 2.510 | 1.551 |
| Advertising Expenses | 12.940 | 7.773 |
| Other Expense | 197.740 | 157.849 |
| Loss on Sales of Assets | 17 | 21 |
| Other | 62.271 | 33.310 |
| **Total** | **339.933** | **258.389** |

(*) As of 31 December 2021, there is "Employee Vacation Fee Provision Expense" amounts to TL 1.320 (31 December 2020: TL 277).

### h. Information on net income/loss before taxes from discontinued and continuing operations:

The Group has no discontinued operations. The Group's profit before tax from continuing operations is TL 382.388 (31 December 2020: TL 284.557 loss before tax).

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT (Continued):

### i. Information on provision for taxes from discontinued and continuing operations:

The Group has no discontinued operations, the explanations below represent the provision for taxes of continuing operations:

1. Information on calculated current tax income or expense and deferred tax income or expense:

   As of 31 December 2021, the Group has current tax expense amounting to TL (5.284) and deferred tax expense amounting to TL (72.289).

2. Explanations on deferred tax income or expense arising from the temporary differences occurred or have been closed:

   The Group has TL 187.639 deferred tax income from temporary differences, and TL 222.001 deferred tax income from carried financial loss. The deferred tax expense due to the closing of temporary differences amounts to TL (481.929), netting off to TL (72.289) deferred tax income.

3. Information on recognition of deferred tax income or expense, temporary difference, financial loss, diminution of tax expense and exceptions on income statement:

   As of 31 December 2021, the Group has TL (294.290) (31 December 2020: TL 19.376 deferred tax expense) deferred tax expense arising from temporary differences and TL 222.001 deferred tax income as a result of financial loss. (31 December 2020: TL 45.998 deferred tax income).

### j. Information on net income/loss before taxes from discontinued and continuing operations:

The Group has no discontinued operations and the below article (j) represents the current period net profit and loss from continuing operations.

### k. Information on net income/loss for the period:

1. If the disclosure of usual banking transactions, income and expenditure items' composition is necessary to understand the annual performance of the Group, the composition and amount of these items:

   None.

2. If an estimation change related to financial statement items significantly affects profit/loss or has the probability of affecting the profit/loss of following periods, the effect including these periods:

   None.

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT (Continued):

### l. Information on other income and expenses:

1. In the current period, the Group's interest income amounts to TL 2.760.661 (31 December 2020: TL 1.900.210) and TL 436.088 (31 December 2020: TL 265.710) of the related amount is classified as "Other Interest Income" account in income statement.

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Other Interest Income** | | |
| Interest income related to derivative transactions | 231.954 | 145.678 |
| Other | 204.134 | 120.032 |
| **Total** | **436.088** | **265.710** |

2. In the current period, the Group's interest expense amounting to TL 2.017.426 (31 December 2020: TL 1.197.896) and TL 645.439 (31 December 2020: TL 317.745) of the related amount is classified as "Other Interest Expense" in the income statement.

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Other Interest Expense** | | |
| Interest expense related to derivative transactions | 514.164 | 238.564 |
| Other | 131.275 | 79.181 |
| **Total** | **645.439** | **317.745** |

3. In the current period, the Group's fee and commission income amounts to TL 62.411 (31 December 2020: TL 55.169) and TL 26.744 (31 December 2020: TL 27.531) of the related amount is classified under "Other" account.

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Other Fees and Commissions Received** | | |
| Commissions on Investment Fund Services | 7.685 | 6.551 |
| Insurance Commissions | 3.185 | 4.125 |
| Commissions from Stock Brokerage Activity | 2.950 | 2.193 |
| Commissions received from Correspondent Banks | 1.305 | 1.058 |
| Transfer Commissions | 345 | 280 |
| Card and POS Transaction Commission | 183 | 35 |
| Common Point Commissions | 111 | 157 |
| Other | 10.980 | 13.132 |
| **Total** | **26.744** | **27.531** |

4. In the current period, Group's fees and commissions expense amounts to TL 22.739 (31 December 2020: TL 17.347) and TL 22.629 (31 December 2020: TL 17.215) of the related amount is classified under "Other" account.

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Other Fees and Commissions Given** | | |
| Card Transaction Commission | 4.045 | 3.055 |
| Common Point Clearing Commissions | 1.954 | 1.313 |
| Commissions Granted to Correspondent Banks | 770 | 585 |
| EFT Commissions | 665 | 260 |
| Transfer Commissions | 105 | 69 |
| Other | 15.090 | 11.933 |
| **Total** | **22.629** | **17.215** |

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT (Continued):**

5. Fees for Services Received from Independent Audit Firm (Consolidated basis):

| | **31 December 2021** | **31 December 2020 (*)** |
|---|---|---|
| Independent audit fee for the reporting period | 1.075 | 886 |
| Other assurance services fee | 494 | 297 |
| Fee for services other than independent audit | 15 | 12 |
| **Total** | **1.584** | **1.195** |

(*) Audit service for 2020 was obtained from Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi.

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY

### a. Information on change in the shareholder structure of the Bank:

There is no change in Parent Bank's partnership structure in 2021.

### b. Information on distribution of profit:

According to the decision taken at the Ordinary General Assembly Meeting of the Bank held on 26 March 2021; Including the effects of TAS 27 Standard, the loss of TL 267.414 for the year 2020 has been classified in the extraordinary reserves account.

### c. Information on capital increase:

In accordance with the Decision of the Board of Directors of the Bank dated 24 February 2021 and numbered 2021/06, the required permission was obtained from Banking Regulation and Supervision Agency regarding increasing the capital amounting to TL 1.535.000.000 by TL 355.000.000 to TL 1.890.000.000, being within the limit of registered capital ceiling amounting to TL 4.000.000.000, and it was notified that there is no objection for consummation of transactions regarding the capital increase. In this context, the capital amount provided by the shareholders were transferred to the paid-in capital account and it is registered and announced in the Turkish Trade Registry Gazette dated 21 April 2021 and numbered 10314. (Amounts in Full TL)

### d. Information on valuation differences of marketable securities:

"Unrealized gains and losses" arising from changes in the fair value of securities classified as fair value through other comprehensive income are not recognized in current year income statements; they are recognized in the "Marketable securities valuation reserve" account under equity, until the financial assets are sold, disposed or impaired.

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| From Investments in Associates, Subsidiaries, and Joint Ventures | - | - | - | - |
| Valuation Difference | (45.308) | (6.898) | (1.541) | 5.133 |
| Foreign Currency Difference | - | - | - | - |
| **Total** | **(45.308)** | **(6.898)** | **(1.541)** | **5.133** |

### e. Information on revaluation differences of tangible and intangible assets:

The reversal from revaluation reserve to their fair value for immovables amounting to TL 10.724 increase net of tax (31 December 2020: TL 2.739) is accounted under "Revaluation differences of tangible assets and intangible assets".

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

### a. Information on cash and cash equivalent assets:

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash, foreign currency, cash in transit and purchased bank cheques together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

i. Cash and cash equivalents at the beginning of period:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Cash** | **1.857.111** | **1.669.296** |
| Cash, Foreign Currency and Other | 415.164 | 142.396 |
| Demand Deposits in Banks | 1.441.947 | 1.526.901 |
| **Cash Equivalents** | **300.858** | **696.115** |
| Interbank Money Market | 131.550 | 557.969 |
| Time Deposits in Bank | 169.308 | 138.146 |
| **Total Cash and Cash Equivalents** | **2.157.969** | **2.365.411** |

The total amount from the operations that occurred in the prior period is the total cash and cash equivalents amount at the beginning of the current period.

ii. Cash and cash equivalents at the end of the period:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Cash** | **3.127.868** | **1.857.111** |
| Cash, Foreign Currency and Other | 514.430 | 415.164 |
| Demand Deposits in Banks | 2.613.438 | 1.441.947 |
| **Cash Equivalents** | **282.762** | **300.858** |
| Interbank Money Market | 42.500 | 131.550 |
| Time Deposits in Bank | 240.262 | 169.308 |
| **Total Cash and Cash Equivalents** | **3.410.630** | **2.157.969** |

### b. Information on other items presented in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents:

"Other" items presented in "Net operating income before changes in operating assets and liabilities" amount to negative TL 1.593.905 (31 December 2020: negative TL 416.079) and mainly consists of other operating income excluding collections from non-performing loans, other operating expenses excluding personnel expenses and foreign exchange gain and loss items.

"Net increase/decrease in liabilities" items presented in "Changes in operating assets and liabilities" amount to positive TL 647.690 (31 December 2020: positive TL 866.172) and consist of changes in other liabilities and miscellaneous payables.

As of 31 December 2021, the effect of change in foreign exchange rate on cash and cash equivalents is calculated as approximately positive TL 431.253 (31 December 2020: positive TL 35.732).

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

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):

## IV. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP

### a. The volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. Prior period financial information is presented as of 31 December 2020 for balance sheet and income statement items.

| 31 December 2021<br>Groups' Risk Group | Investments in associates, subsidiaries and joint ventures | | Direct and indirect shareholders of the Group | | Other real and legal persons that have been included in the risk group | |
|---|---|---|---|---|---|---|
| **Loans and Other Receivables** | **Cash** | **Non-Cash** | **Cash** | **Non-Cash** | **Cash** | **Non-Cash** |
| Balance at the Beginning of the Period | - | 62.497 | - | 12.944 | 790 | - |
| Balance at the End of the Period | - | 24.341 | - | 24.860 | 677 | - |
| **Interest and Commission Income Received** | **-** | **-** | **-** | **4** | **104** | **1** |

| 31 December 2020<br>Groups' Risk Group | Investments in associates, subsidiaries and joint ventures | | Direct and indirect shareholders of the Group | | Other real and legal persons that have been included in the risk group | |
|---|---|---|---|---|---|---|
| **Loans and Other Receivables** | **Cash** | **Non-Cash** | **Cash** | **Non-Cash** | **Cash** | **Non-Cash** |
| Balance at the Beginning of the Period | | 39.591 | - | 35.560 | 98 | - |
| Balance at the End of the Period | | 62.497 | - | 12.944 | 790 | - |
| **Interest and Commission Income Received** | | **-** | **-** | **4** | **53** | **-** |

2. Information on deposits and repurchase transactions of the Group's risk group:

| Groups' Risk Group | Investments in associates, subsidiaries and joint ventures | | Direct and indirect shareholders of the Group | | Other real and legal persons that have been included in the risk group | |
|---|---|---|---|---|---|---|
| **Deposit** | **Current Period** | **Prior Period** | **Current Period** | **Prior Period** | **Current Period** | **Prior Period** |
| Beginning of the Period | - | - | 171.520 | 147.223 | 24.112 | 15.264 |
| End of the Period | - | - | 106.907 | 171.520 | 23.864 | 24.112 |
| **Interest Expense on Deposits** | **-** | **-** | **2.463** | **3.250** | **1.494** | **1.189** |

| Groups' Risk Group | Investments in associates, subsidiaries and joint ventures | | Direct and indirect shareholders of the Group | | Other real and legal persons that have been included in the risk group | |
|---|---|---|---|---|---|---|
| **Repurchase Transactions** | **Current Period** | **Prior Period** | **Current Period** | **Prior Period** | **Current Period** | **Prior Period** |
| Beginning of the Period | - | - | - | - | | - |
| End of the Period | - | - | - | - | | - |
| **Interest Expense on Repurchase Transactions** | **-** | **-** | **-** | **2** | **3** | **6** |

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

**VII. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP (Continued):**

3. Information on forward and option agreements and other similar agreement with the Group's risk group:

| **Groups' Risk Group** | **Investments in associates, subsidiaries and joint ventures** | | **Direct and indirect shareholders of the Group** | | **Other real and legal persons that have been included in the risk group** | |
|---|---|---|---|---|---|---|
| **Fair value through other comprehensive income transactions** | **Current Period** | **Prior Period** | **Current Period** | **Prior Period** | **Current Period** | **Prior Period** |
| Beginning of the Period | - | - | - | - | - | - |
| Balance at the end of the period | - | - | - | - | - | - |
| **Total Profit/Loss** | - | - | - | - | - | - |
| | | | | | | |
| **Transactions for hedging purposes** | | | | | | |
| Beginning of the Period | - | - | - | - | - | - |
| Balance at the end of the period | - | - | - | - | - | - |
| **Total Profit/Loss** | - | - | - | - | - | - |

**b. With respect to the Group's risk group:**

1. The relations with entities that are included in the Group's risk group and controlled by the Group regardless of whether there is a transaction between parties:

   The Group performs various transactions with related parties during its banking activities. These are commercial transactions realized with market prices.

2. Along with the type of relationship, the type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues:

| | **Total Risk Group** | **Share in Financial Statements (%)** |
|---|---|---|
| Borrowings and Subordinated Debt Instruments | 6.206.263 | 53,43 |
| Deposits | 130.771 | 0,54 |
| Non-cash Loans | 49.201 | 0,70 |
| Banks and Other Financial Institutions Loans | 3.413 | 0,61 |
| Loans | 677 | - |

As of 31 December 2021, the Group has TL 73 interest income from deposits given to banks included in the risk group (31 December 2020: TL 480), the Group has realized interest expense amounting to TL 163.356 (31 December 2020: TL 204.555) on loans borrowed from the banks included in the risk group of the Group.

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## VII. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP (Continued):

3. Information on transactions such as purchase-sale of immovable and other assets, purchase-sale of service, agent agreements, financial lease agreements, transfer of the information gained as a result of research and development, license agreements, financing (including loans and cash or in kind capital), guarantees, collaterals and management contracts:

   In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Parent Bank's risk group and the amount composes 0,15% (31 December 2020: 0,33%) of the Group's total cash and non-cash loans.

   As of 31 December 2021, there are no purchase-sales transactions on any assets including real estate with the risk group consisting the Parent Bank.

   As of 31 December 2021, there are no agreements related to transfer and management of the information gathered from the research and development with the risk group that the Parent Bank is included.

**c. Information on benefits provided to top management:**

Top management of the Group is composed of the Board of Directors, General Manager and Vice General Managers. The sum of benefits paid to top management, amounts to TL 35.184 (31 December 2020: TL 34.820) which constitutes of the sum of other benefits including yearly gross salaries and other payments and travel, meal aids, heath and life insurances and vehicle expenses.

## VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK

a. Information on domestic, foreign branches and foreign representatives of the Parent Bank:

| | Number | Employee number | | | |
|---|---|---|---|---|---|
| Domestic Branch | 32 | 928 | | | |
| | | | Country of Incorporation | | |
| Foreign Representative | None. | | | | |
| | | | | Total Asset | Statutory Share Capital |
| Foreign Branch | None. | | | | |
| | | | | | |
| Off-Shore Banking Region Branch | None. | | | | |
| | | | | | |

b. There is no event that would affect opening or closing a domestic branch, a foreign branch or a representative office of the Parent Bank.

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued):**

## IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS:

None.

# SECTION SIX

# OTHER EXPLANATIONS

## I. OTHER EXPLANATIONS RELATED TO THE GROUP'S OPERATIONS

None.

# SECTION SEVEN

# EXPLANATIONS ON INDEPENDENT AUDIT REPORT

## I. EXPLANATIONS ON INDEPENDENT AUDIT REPORT

The consolidated financial statements as of 31 December 2021 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of DELOITTE TOUCHE TOHMATSU LIMITED) and the independent auditor's audit report dated 1 February 2021 has been presented prior to the consolidated financial statements.

## II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR:

None.